



USAID/Bolivia

Action Plan

Fiscal Years 1995 - 1996

April 1994

**FY 1995-FY 1996 ACTION PLAN
USAID/BOLIVIA**

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LIST OF ACRONYMS

ADR	Alternative Dispute Resolution
ARD	USAID/Bolivia Agriculture and Rural Development Office
CDF	Forestry Development Corporation
CORDEP	Cochabamba Regional Development Project
DID	Democratic Initiatives Division
ESF	Economic Support Fund
FAO	Food and Agriculture Organization
FOCAS	Financiación de Capital en Areas Secundarias
FONAMA	National Environmental Fund
FSN	Foreign Service National
FTE	Full Time Equivalent
FY	Fiscal Year
GDP	Gross Domestic Product
GOB	Government of Bolivia
GTZ	Cooperación Técnica Alemana
IDB	Interamerican Development Bank
IMF	International Monetary Fund
INM	International Narcotics Matters
LAC	Latin American Bureau
LASER	Latin American Strategies for Educational Reform
LIDEMA	Liga de Defensa del Medio Ambiente
LOA	Life of Activity
LOP	Life of Project
MSD	Management Sciences for Development
MEDP	Micro-Enterprise Development Program
NAFTA	North American Free Trade Agreement
NGO	Non-governmental Organization
OE	Operating Expenses
OIT	Office of International Training
PACD	Project Activity Completion Date
PD&I	USAID/Bolivia Office of Project Development and Implementation
PD&S	Program Development & Support Funds
PRODEM	Foundation for the Promotion and Development of Micro-Enterprises
PROMETA	Protección del Medio Ambiente Tarija
PSC	Personal Services Contract
PVO	Private Voluntary Organization
SAFCO	Administrative System for Financial and Governmental Control
SNC	National Roads Service
UNICEF	United Nations Children's Fund
UNDP	United Nations Development Programme
USDH	U.S. Direct Hire
VOCA	Volunteers in Overseas Cooperative Assistance

USAID/BOLIVIA
FY 1995-1996 ACTION PLAN

A. Strategy Overview

Problem: The State Department recognizes in its summary of the Country Team's *Mission Program Plan, 1994-1998* that: "Bolivia is a comparatively impoverished and culturally isolated country with a fragile democratic tradition and a long history of military coups".

That poverty manifests itself far beyond very low per capita GDP statistics (which the World Bank estimates at \$650 in 1991, trailed in the Americas only by Haiti, Guyana, Nicaragua and Honduras). UNICEF's 1994 *Children and Women in Bolivia: Analysis of the Situation* found that "poverty continues being the basic cause of the deterioration in the situation of children and women" and that basic survival is the principal problem faced by children in Bolivia. The 1993 UN Human Development Report shows 85% of Bolivia's rural population living in absolute poverty -- the highest percentage reported in the world.

Poverty results in unacceptably high mortality rates: infant mortality of between 75 and 80/1,000; child mortality between 99 and 118/1,000; and maternal mortality of around 480/100,000 (and, according to a survey in one province, as high as an incredible 1,379/100,000). In addition, poverty affects the ability to acquire and assimilate food: food represents 63% of the expenses of a low income urban family and a staggering 72% of the expenses of an average Altiplano family; and malnutrition is associated with four out of every five deaths of children under five.

Poverty makes long-term management of the natural resource base exceptionally difficult and also prevents adequate access to basic water and sanitation services: only 31% of the rural population has access to safe water, only 17% to adequate sanitation; and 77% of Bolivians lack adequate bathing facilities. Largely as a result, 28% of children under five suffer diarrhea in an average two week period (16% during a 24 hour period), and diarrhea is the principal cause of child mortality (36%) followed by acute respiratory infections (21%).

Poverty forces over 10% of children to work, many of them in dangerous mines and prostitution. As a result of poverty, only 58% of the rural school age population registers for primary school and 25% of urban and 78% of rural primary school age children drop out, 32% of first grade students repeat the year, and only 1,000 of every 125,000 rural children who enter the first grade finish primary school.

Although national expenditures for education and health seem reasonable, respectively 20.2% and 9.2% in 1992, this is down from the peak of 25.9% and 12.4% in 1989. It is inadequate, respectively only 2.4% and 2.2% of GDP, especially in view of the

country's poverty and low base of central government expenditure. There also are distribution problems, with most of the budget, over 95%, going to cover salaries. For example, within education, which despite low wages spends 97% of its budget on salaries, universities receive 30% of the central government's education budget, although they have only 8.2% of the students -- most of whom are from upper socioeconomic classes.

Bolivia also is heavily dependent on official development assistance (ODA was \$540 million in 1991, equivalent to 11% of GDP). For example, 21% of the health ministry's budget in 1992 was from international sources. Foreign savings financed nearly three-quarters of gross domestic investment in 1993.

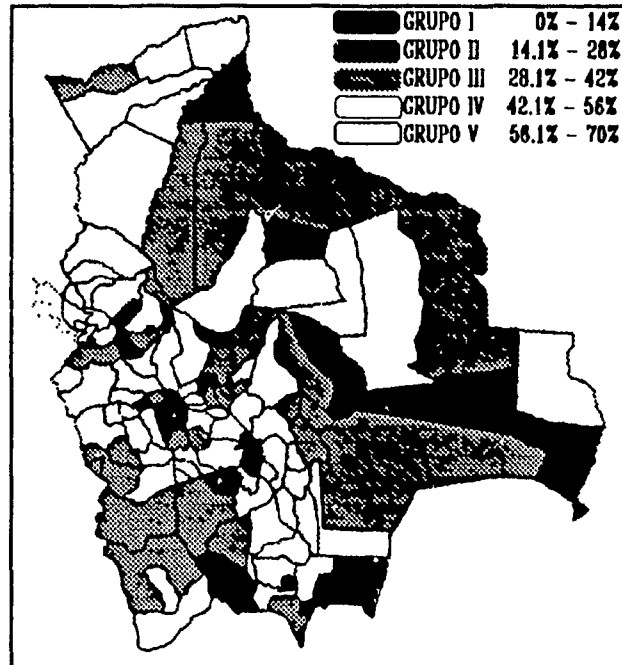
Bolivia's fragile democratic tradition manifests itself in: limited popular participation in local and national government decision making; justice denied through its delay by the lengthy time needed to resolve criminal and civil legal cases; and one-third of eligible voters remaining to be registered.

The limited access of large segments of Bolivia's citizens to economic opportunities threatens broad-based economic growth as well as perpetuating poverty and undermining Bolivia's fragile democracy. Equitable economic growth is constrained by: the economy's reliance on a few traditional, mostly mineral, exports; continued heavy economic dependence on the illegal coca economy (28.5% of legitimate exports and 2.9% of the legal economy); the paucity of financial services available to poor households; the lack of sufficient employment (especially in legal activities in rural areas); and the absence of adequate retirement and pension systems for most people.

Although macroeconomic performance improved in 1993 over 1992, the 3.2% increase in GDP growth was short of the targeted 4.1% and far below the 5% the GOB and donors agree is needed to bring about needed rises in the living standard of the average Bolivian. The steady effect of steadily increasing imports and decreasing prices for exports resulted in a current account deficit of the balance of payments of over 11% of GDP in 1993.

Bolivia's sustainable development also is threatened by the haphazard conversion of forests to agriculture and cattle ranching, uncontrolled logging, and the "brown" environmental problems associated with the rapid growth of metropolitan areas. Although Bolivia's population grew at between 2.1% and 2.6% between the 1976 census and the 1992 census, the urban growth rate was a staggering 4.2%. The cities of Cochabamba, Santa Cruz and El Alto, respectively, grew at 4.4%, 6.4% and 9.2%. Not surprisingly, the periurban areas of cities also are the site of some of the worst poverty in Bolivia.

The following map shows that at least 58% of the population in 62 of Bolivia's 111 provinces live in poverty (defined as the inability to satisfy basic needs for a minimal living standard). Only two provinces, Cercado and Santa Cruz, have less than 14% of their population living in poverty.



Magnitude of Poverty in Bolivia, 1992

Prospects: Despite the depressing situation summarized above, Bolivia has made some significant advances in addressing the sustainable development needs of its poor majority. The importance of those advances is particularly noteworthy given the primarily indigenous nature of its population (60% of whom speak at least one indigenous language) and the presence of over 30 ethno-linguistic groups.

Bolivia is poised to deepen those advances over the medium term. This will come about through the GOB's pursuit of five priorities: Popular Participation; Capitalization; Education Reform; Judicial Reform; and Sustainable Development.

The **Popular Participation** law currently before Congress is seen as the most important redistribution of political and economic power since the 1952 revolution. It will promote municipal government effectiveness and grassroots organizations by: establishing new municipal boundaries which will encompass the entire country; allocating budgets on a per capita basis thereby assuring a more equitable distribution of resources; and granting legal status and an enhanced role in local decision making to

grassroots organizations.

The ability of Bolivia's indigenous majority to influence decisions concerning their future was enhanced by the approval of a law in April 1992 which recognizes various indigenous languages and permits their use in official dealings and school. The people's capacity to interact with the state will be facilitated by the ability to use their native Quechua, Aymara, Guaraní, Chiquitano, Moxeño, Ayoreo, Chimán, Mosetén, Itonama, Mataco, Movima, Tacana, Uru-Chipay and Yucararé languages. Commitment to this area was signaled by the selection of a native Aymara as Vice President and the early creation of a cabinet post for Ethnic Groups, Gender and Generations.

The **Capitalization** of state-owned enterprises will provide technology, financing, and management skills from international investors and return ownership of those enterprises to the Bolivian people through the distribution of shares. It is seen as a major instrument of providing financial resources directly to the people to help break the vicious cycle of grinding poverty faced by most Bolivians. Pension reform also should provide a source of financing for additional private investment, as well as increase retirement equity.

Education Reform is indispensable to change the current dysfunctional system into one which will allow Bolivia's predominately indigenous society access to the modern world. A carefully thought out long-term plan to reform the education system over the next generation is scheduled to receive significant support from both multi and bilateral donors. Work continues to counteract pressures from vested interests that are threatened by the proposals to make the educational system accountable and to enhance the role of parents and communities in the decision making process.

Bolivia's advances in providing basic services for its predominately poor population in immunization coverage and reducing mortality are summarized below. Further advances will accompany implementation of the education reform. The reform, *inter alia*, calls for expanding bilingual education and education of girls as well as emphasizing social participation and Bolivia's cultural diversity. The 1989 National Demographic and Health Survey, supported by USAID, confirmed the direct relationship between a mother's education and infant and child mortality. Children of mothers with no education suffered an infant mortality rate of 124/1,000; those with 1 to 5 years, 6 to 8 years, and over 9 years of education suffered rates of 108, 65, and 46, respectively.

Judicial Reform is key to the GOB's efforts to create a "State of Law" which guarantees and defends the fundamental rights of citizens, a major plank in the campaign of the administration

which was inaugurated on August 6, 1993.

Bolivia's vigorous pursuit of this promise is demonstrated by the prosecution and conviction of a former chief-of-state and several government officials for human rights abuses and narcotrafficking, the investigation of allegations of narcotrafficking charges against another administration, and the ongoing impeachment process investigating corruption charges against members of the Supreme Court. Although considerable effort has gone into developing the System of Government Administration and Control (SAFCO) law, greater policy support is needed from the GOB to effectively implement the sweeping changes envisioned in this key legislation.

The GOB's commitment to **Sustainable Development** was demonstrated by the early establishment of a "super" Ministry of Sustainable Development and the Environment. Drawing on the recommendations of an environmental team dispatched by Vice President Gore, it has a mandate to establish the "rules of the road" over sustainable development and to review all public sector development proposals. The President personally chairs the National Council on Sustainable Development which mediates disputes to assure development proposals are consistent with Bolivia's long-term sustainable development plans. The new Ministry also has initiated an ambitious process to develop a national strategy for sustainable development relying very heavily on input from the grassroots.

The following is a summary of some of Bolivia's other accomplishments.

From 1990 to 1993, USAID supported Save the Children of Bolivia's implementation of a demonstration maternal/neonatal health project in Inquisivi, a rural province four hours outside of La Paz. The innovative community participation approach of the project resulted in a reduction of infant mortality from 75/1,000 in 1990 to 31 in 1993 and increased the use of modern methods of family planning from zero to 27%.

There is evidence from the GOB's formal establishment of national contraceptive prevalence targets in its presentation to the Consultative Group and the number of NGOs interested in providing family planning services that Bolivia is poised for a major expansion of family planning services.

Immunization coverage increased 35% in the last 10 years, reaching 81% for DPT and measles, 83% for polio and 88% for tuberculosis. There have been no new cases of polio confirmed since 1989. Infant mortality has been reduced from 164/1,000 in the early 1960s to between 75/1,000 and 80/1,000 in 1992. Tetanus vaccination of women between age 15 and 44 increased from less than 2% in 1987 to 60% in 1992.

Urban areas have almost complete access to health services while only 45% of rural areas have such access. The national ratio of doctors to the population is on a par with Costa Rica (1::2,000), and in urban areas similar to Switzerland (1::410). However, mortality rates remain unacceptably high (the maternal mortality rate is 24 times that of Costa Rica and 48 times that of Switzerland) due to Bolivia's basic poverty which limits the benefits of those resources and cultural problems which limit their use.

Primary education coverage for urban areas is approaching acceptable standards (83.7% overall, 92% for the first five grades and 70% for the next three). Much remains to be done, however, in rural areas where coverage is only 58% (74% for the first five grades and 32% for the next three).

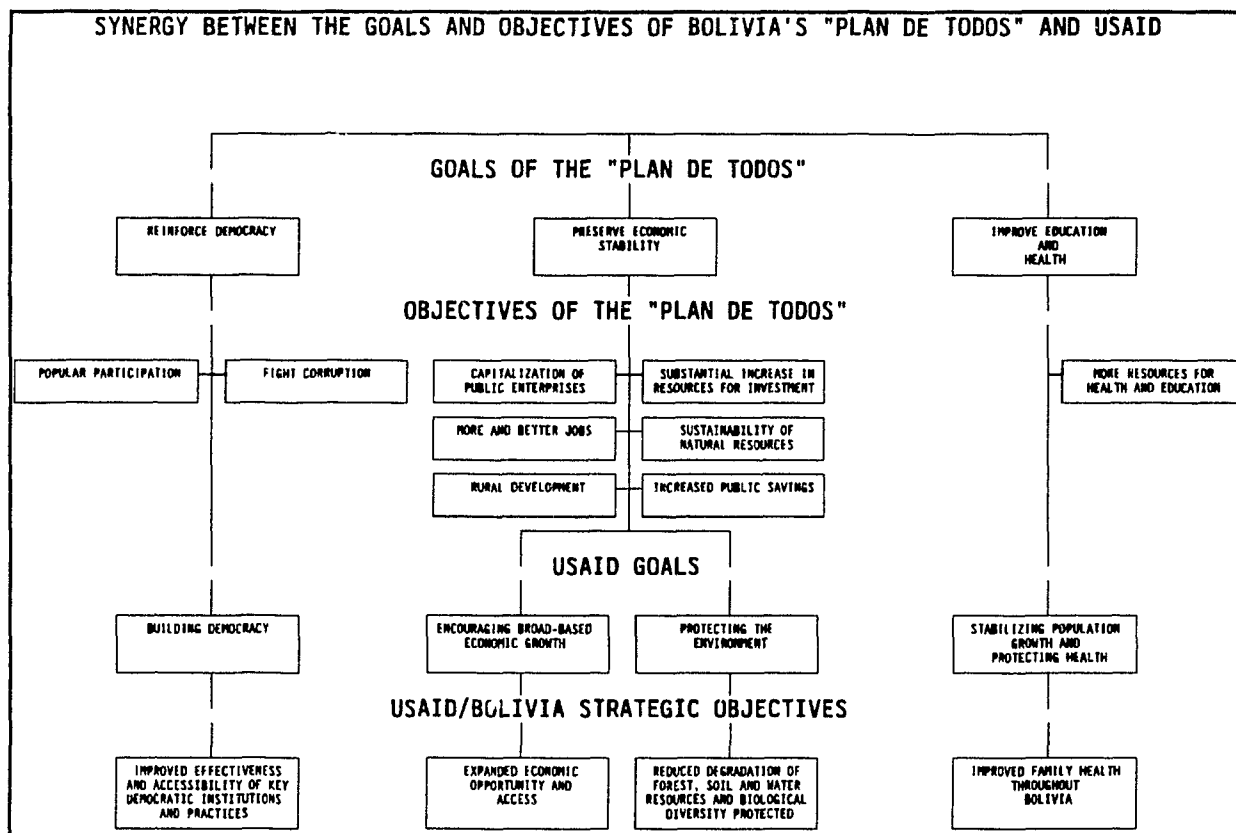
Bolivia has maintained positive GDP growth rates since 1987, averaging 3.4% for the seven years, 3.7% since 1990. Although extensive poverty persists in Bolivia, and is endemic in most rural areas, many of the urban poor appear to have recovered from the adversity of the early 1980s when per capita income fell by some 17%. Private sector salaries in the principal urban areas rose an estimated 77% in real terms between 1986 and 1992, an annual average of 10%. We estimate Bolivia's per capita income in 1993 at \$858.

The stability and predictability of GOB economic and business policies have been successful in restoring private investor confidence. Private investment rose a robust 51% in real terms in 1992 and nearly 19% in 1993, representing 6.8% and 7.8% of GDP, respectively. In 1992 and 1993, inflation fell to single digit levels for the first time since 1977.

Response: USAID/Bolivia undertook an intensive review of its Strategic Objectives based on the incoming GOB's plan of government (its *Plan de Todos*) and the Agency's new Strategy and Implementation Guidelines. In summary, the Strategic Objectives were found to be consistent with both. LAC/DR's review of the September 1993 Semi-Annual Report confirmed the consistency of our Strategic Objectives with the Agency's Strategy and found that there was a strong fit between 85% of the authorized life of project funding for USAID/Bolivia's projects and the Agency's four goals. The review also found a tight fit between the PL-480 programs and the Strategic Objectives.

The relationship between USAID/Bolivia's Strategic Objectives, the Agency's four goals, and the goals and objectives of the GOB's *Plan de Todos* and Agency Strategy is illustrated in the following chart. They are completely congruent with the Country Team's *Mission Program Plan, 1994-1998* four goals of: Nurture the democratic process; Encourage economic stability and growth; Eliminate the illegal coca/cocaine industry; and Adjust mission

operations to new funding levels.



Declining resources and the curtailed emphasis of direct USAID support for macroeconomic reform, investment promotion and export promotion activities caused USAID/Bolivia to consolidate its Strategic Objectives from five to four, and, as detailed in the technical annex to this Action Plan, modify their statement. For example, transformation of the Bolivian economy from significant dependence on coca/cocaine was dropped as a Strategic Objective since such a transformation is no longer within the management control of USAID/Bolivia due to the precipitous decline of funding from over \$164 million in 1992 to \$80.6 million in 1994. Increased non-coca economic opportunities in the Chapare and high valleys is kept as a Program Outcome, however, since we anticipate continuance of substantial ESF/INM funding which would permit achieving that Program Outcome.

In the triage we were forced to perform due to changes in Agency Strategy, we eliminated plans for a \$10 million amendment to the Export Promotion Project and eliminated plans for an additional \$3.1 million in already authorized funding; curtailed plans to provide the final \$3.4 million to the Industrial Transition Project; and reduced plans to fully fund the authorized Alternative Development Electrification Project.

The consolidation of Strategic Objectives continues the trend of the last several years. In 1988 USAID/Bolivia had 15 objectives compared to the four in 1994. Similarly, the number of projects is being brought down from a high of 37 in 1989 to 30 in 1994 and 16 in 1996 and the number of employees is being "right-sized" from a high of 226 in 1992 and 1993 to 206 in 1996, despite increased responsibilities for providing support to neighboring USAIDs.

PVOs and NGOs play an important part in conceptualizing and implementing USAID/Bolivia's program. Between FY 1991 and FY 1994, almost half of USAID/Bolivia's project funding went to support the programs of an average of 15 NGOs per year.

Other donor coordination also is essential since USAID is not the largest provider of development assistance. Four examples illustrate the importance of donor coordination in helping Bolivia to meet its sustainable development needs. Three relate directly to advancing our Strategic Objectives and one highlights the importance of this coordination to complement our Strategic Objectives.

Judicial reform is a key aspect of strengthening democratic institutions. Although USAID has the largest program and longest history in this area, the World Bank also is active and plans to provide \$9.9 million. In early FY 1994 we co-organized and financed a national seminar on judicial reform which brought together 100 judges and legal experts under the auspices of USAID, the World Bank, IDB and UNDP. This provided an excellent opportunity to further the continuing dialogue to coordinate technical assistance plans. We have maintained close consultation with the World Bank to assure complementarity of our programs.

USAID-supported Chagas research, carried out with assistance from the Centers for Disease Control and PL-480 generations, led to a greater understanding of the extent and severity of the disease, and to the development of control strategies. Since funding constraints will prevent USAID financing a national control program, the results of work supported by USAID will be presented at an international workshop with the hope of leveraging other donor support for the program.

Similarly, project proposals were prepared as part of the USAID-supported training of physician-managers in support of decentralization efforts. These were presented at a recent international conference in Bolivia and UNICEF decided to fund three of the proposals.

Although USAID shares the conviction of Bolivians and the donor community that education reform is essential to addressing Bolivia's sustainable development needs, funding constraints do

not allow us to include support in our Strategic Objectives. The apparent disposition of other donors, led by the World Bank and IDB, to provide significant financial support also may make large financial investments from USAID unnecessary. USAID, however, has been vocal in confirming with the donor community and Bolivian authorities that education reform is critical. USAID also has been active in monitoring developments with the assistance of LAC/DR and has provided modest technical assistance.

Our behind-the-scenes assistance in preparing for recent consultative group meetings and, *inter alia* with LAC/DR LASER project support, preparing computer based presentations of education reform plans has been instrumental in eliciting a positive response from the donor community to support education reform. It also has been critical in explaining education reform to the GOB cabinet and general public. Combined with our DA support of training and interactive radio learning, PL-480 generated local currency support of scholarships for low income boys and girls and training programs for illiterate *campesino* women through a local NGO, PL-480 school feeding programs which a recent evaluation found were contributing substantially to school attendance, and support of the GOB social policy research unit's attempts to rationalize treasury support for higher education, we believe we have found a way to make an important contribution to meeting this sustainable development need without large commitment of personnel or financial resources.

Section B. Achievement of Agency Goals

Goal: Building Democracy

Strategic Objective: Improved Effectiveness and Accessibility of Key Democratic Institutions and Practices

Linkages between Goal and Strategic Objective: Democracy is ultimately based on transparent and accountable public institutions, achieved through widespread open debate, decision-making and compromise, and the effective participation of active grassroots organizations in government. USAID/Bolivia is assisting Bolivia meet those targets through the support of pilot and national programs with training and technical assistance to electoral, judicial, legislative and executive authorities as well as NGO and other grassroots organizations.

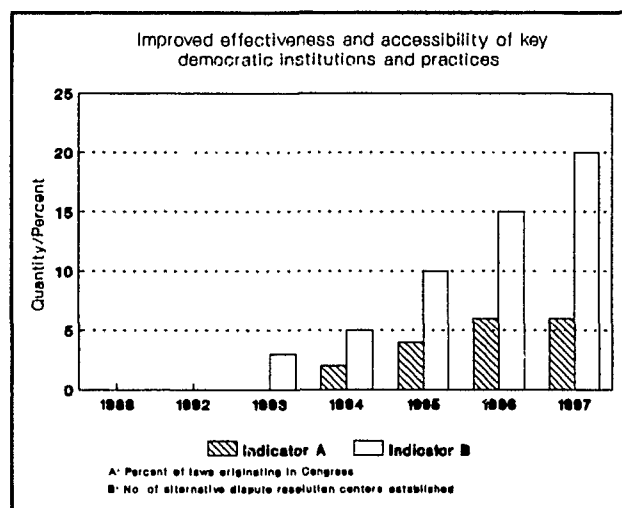
Program Outcomes: Improved quality and speed of the conflict resolution process; Upgraded legislative functions and enhanced accountability in national and local government; and Increased citizen participation in local government and civil society.

Performance: The free and open election of new legislative and executive branches of government in June and municipal officials

in December, respectively with 54% and 37% of the voting age population casting ballots, culminated an unprecedented 12 years of democracy in Bolivia. The success and transparency of the election itself was due in significant part to the success of USAID assistance to the National Electoral Court, which included training 45,000 polling jurors for the July general election and 53,000 for the December municipal elections. The general acceptance of the record number of voter entries for the June election reflects the widespread confidence in the electoral courts and modern voter verification systems supported by USAID. An evaluation of the PL-480 Food For Work's neighborhood empowerment program, implemented by a U.S. NGO, found that it effectively used food to strengthen municipal governments and citizen participation in the decision making process. That activity directly influenced the GOB's new popular participation strategy.

The proposed Popular Participation Law, viewed as the most important distribution of political and economic power since Bolivia's 1952 revolution, is one of the centerpieces of the GOB's policy and is indicative of their commitment to democracy. Planning for the Democratic Development and Citizen Participation Project, approved at last year's Action Plan review, was modified to be directly supportive of this new GOB initiative.

Nevertheless, given Bolivia's poverty, the GOB will face severe financial constraints in providing the resources to local levels envisioned by its plans.



For the first time Bolivia has established an independent Ministry of Justice and budget resources for public defense. USAID is furthering human rights in Bolivia through its support to the Office of Public Defenders, as well as its support of pilot activities through the Inter-American Bar Foundation (IABF) to establish neighborhood conciliation centers and its work with a local NGO using law students to train prison inmates, neighborhood associations, high school students and women's groups on the legal rights and duties of citizens. The court system also is being unclogged as increasing numbers of commercial disputes are resolved through arbitration, thereby speeding the public's access to the courts.

Despite progress with the primary and secondary levels of the judiciary, including judicial and prosecutorial training

programs, hoped for advances with the Supreme Court were delayed by the ongoing impeachment process investigating some members for corruption.

Santa Cruz regional case tracking/management activities are advancing through a recent agreement between the private university and the Superior District Court. This innovative agreement allows both the law faculty and the systems engineering and computer sciences faculty to be engaged to upgrade the neglected local court system, building what hopefully is a permanent public-private sector relationship.

Collaboration with other donors and with other USG agencies continues as joint planning and implementation of parallel USAID and World Bank financing of justice sector reform, and as activities implemented by the U.S. Department of Justice proceed. For example, USAID and the World Bank recently co-organized and financed a national seminar on judicial reform with the support of the IDB and UNDP which brought together 100 judges and legal experts and provided the opportunity to coordinate the design of the World Bank's support to judicial reform and the implementation plans of both institutions. The IABF representative also helped to refine and "Bolivianize" a draft law on commercial arbitration produced by World Bank consultants.

Arrangements with the Department of Justice's Office of Professional Development and Training (OPDAT) and International Criminal Investigation Training Assistance Program (ICITAP) are maintaining a constant series of training events for prosecutors, judges, and public defenders. Over 25 hours of in-service training were provided to about half of the nation's prosecutors, 20% of judges, and 100% of the defenders; and Bolivia's first modern investigative police unit was established. ICITAP helped to reorient the national police toward community-based policing which represents a significant and positive shift in its role in Bolivian society.

Significant advances were made with the Bolivian legislature in 1993 through USAID support provided through the State University of New York (SUNY). In addition to directly assisting the Vice President in planning for carrying out his responsibilities as President of Congress, bicameral, non-partisan, legislative support services were established. The Budget Office provides accurate on-line fiscal information and expert financial analysis to the Upper and Lower House Finance Committees, for the first time placing the legislature on an equal footing with the executive in considering the annual budget law. The Bill Drafting Service and the Information and Research Center will shortly enable individual members as well as committees to improve the overall quality of draft legislation before it is presented to the floor.

Although an impressive number of activities were accomplished in implementing the System of Government Administration and Control (SAFCO) law (e.g., training almost 5,000 individuals in administration and financial management and internal controls; establishment of integrated accounting norms in 60 government institutions; and installation of financial management software in 39 government offices and decentralized agencies), these were only a small portion of what should have been done. Greater policy support is needed from high GOB levels to realize the change in accountability standards and behavior called for in the law and to justify continued USAID and World Bank support.

TABLE 1: STRATEGIC OBJECTIVE PROGRAM "TREE"

Bolivia		
AGENCY GOAL: Building Democracy		
STRATEGIC OBJECTIVE: Improved effectiveness and accessibility of key democratic institutions and practices		
PROGRAM OUTCOME: Improved quality and speed of the conflict resolution process.	PROGRAM OUTCOME: Upgraded legislative functions and enhanced accountability in national and local government	PROGRAM OUTCOME: Increased citizen participation in local government and civil society
Projects (Number-Title)	Projects (Number\Title)	Projects (Number\Title)
0610 Democratic Institutions	0610 Democratic Institutions	0610 Democratic Institutions
0626 Administration of Justice	0626 Administration of Justice	0611 Bolivian Peace Scholarship Program
0611 Bolivian Peace Scholarship Program	0631 Human Resources Development	0634 Democratic Development and Citizen Participation
0634 Democratic Development and Citizen Participation	Administration System for Financial and Governmental Control (SAFCO)	Urban Development Initiative (PROA)
	0634 Democratic Development and Citizen Participation	American Institute for Free Labor Development (AIFLD)
		0623/ Special 0633 Development Activities I and II

TABLE 2: STRATEGIC OBJECTIVE PERFORMANCE

Bolivia				
STRATEGIC OBJECTIVE: Improved effectiveness and accessibility of key democratic institutions and practices.				
Indicator: Percent of cases completed within legally prescribed time periods in first level criminal courts (Santa Cruz, Tarija, national).				
Unit: Percent		Year	Planned	Actual
Source: Court records, MSD reports	Baseline	1994	SC : 0 T : 0 N : 0	
Comments: Report will be by district. National report expected in 1996. SC = Santa Cruz T = Tarija N = National This replaces last years indicator: "Proportion of criminal cases disposed of prior to final judgement".		1992	N/A	
		1993	N/A	
		1994	SC : 0 T : 0 N : 0	
		1995	SC : 30 T : 30 N : 10	
		1996	SC : 50 T : 50 N : 20	
	Target	1997	SC : 75 T : 75 N : 40	
STRATEGIC OBJECTIVE: Improved effectiveness and accessibility of key democratic institutions and practices.				
Indicator: Number of alternative dispute resolution (ADR) centers established.				
Unit: Number of ADR centers (cumulative)		Year	Planned	Actual
Source: DID	Baseline	1992	0	0
Comments: Target includes 3 commercial arbitration centers and 17 community conflict resolution centers. This replaces "number of alternative dispute resolution fora and processes practiced" indicator from last years Action Plan.		1993	3	3
		1994	5	
		1995	10	
		1996	15	
	Target	1997	20	

STRATEGIC OBJECTIVE: Improved effectiveness and accessibility of key democratic institutions and practices.				
Indicator: Percent of laws originating in Congress.				
Unit: Percent (cumulative)		Year	Planned	Actual
Source: Official Gazette and Congress Records	Baseline	1994	2%	
Comments: This is a new indicator. Most laws will continue to originate with the Executive. Over time, legislators will be able to turn their own or their constituents' ideas into legislative proposals with the assistance of the new legislative support services.		1992	N/A	
		1993	N/A	
		1994	2%	
		1995	4%	
		1996	6%	
	Target	1997	6%	
STRATEGIC OBJECTIVE: Improved effectiveness and accessibility of key democratic institutions and practices.				
Indicator: Valid vote totals				
Unit: Million		Year	Planned	Actual
Source: National Electoral Court reports	Baseline	1991 M	---	1.4
Comments: After FY1993 USAID will no longer track this indicator because of the measurable success of our election assistance efforts. Focus will shift to popular participation at the local level. G:General M:Municipal		1992	No elections	
		1993 G M	1.8 1.5	1.6 1.1
		1994	No elections	
		1995	N/A	
		1996	No elections	
	Target	1997	N/A	

STRATEGIC OBJECTIVE: Improved effectiveness and accessibility of key democratic institutions and practices.				
Indicator: Percent of functioning municipalities incorporating popular participation.				
Unit: Percent (cumulative)		Year	Planned	Actual
Source: Popular Participation Unit or Ministry	Baseline	1996	20%	
Comments: This is a new indicator.		1992	N/A	
		1993	N/A	
		1994	N/A	
		1995	N/A	
		1996	20%	
	Target	1997	30%	
STRATEGIC OBJECTIVE: Improved effectiveness and accessibility of key democratic institutions and practices.				
Indicator: Percent nationally aggregated municipal income spent per year.				
Unit: Percent		Year	Planned	Actual
Source: Congress Budget Office, Secretary of Finance, DID	Baseline	1997	40%	
Comments: Data will be initially collected from a representative sample of 30 out of 300 municipalities. After 1997 the number of municipalities providing data will gradually increase until most of the country is covered.		1993	N/A	
		1994	N/A	
		1995	N/A	
		1996	N/A	
	Target	1997	40%	***

STRATEGIC OBJECTIVE: Improved effectiveness and accessibility of key democratic institutions and practices.				
PROGRAM OUTCOME: Improved quality and speed of the conflict resolution process.				
Indicator: District court case tracking and/or judicial planning statistical systems.				
Unit: Number (cumulative)		Year	Planned	Actual
Source: Court records, MSD reports	Baseline	1993	1	1
Comments: Planned figure revised to indicate cumulative number.		1992	N/A	
		1993	1	1
		1994	2	
		1995	3	
		1996	4	
	Target	1997	5	
STRATEGIC OBJECTIVE: Improved effectiveness and accessibility of key democratic institutions and practices.				
PROGRAM OUTCOME: Improved quality and speed of the resolution process.				
Indicator: Number of courts presided by judges (J) and managed by court administrators (A) trained under project-assisted training program.				
Unit: Number (cumulative)		Year	Planned	Actual
Source: Court records, MSD reports	Baseline	1994	J: 40 A: 2	
Comments: This indicator replaces last year's: "judges/court administrators trained in court management.".		1992	N/A	
		1993	N/A	
		1994	J: 40 A: 2	
		1995	J: 80 A: 4	
		1996	J: 120 A: 6	
	Target	1997	J: 160 A: 10	

STRATEGIC OBJECTIVE: Improved effectiveness and accessibility of key democratic institutions and practices.				
PROGRAM OUTCOME: Upgraded legislative functions and enhanced accountability in national and local government.				
Indicator: Congressional committees ⁽¹⁾ using new legislative support services ⁽²⁾ .				
Unit: Number of committees (cumulative)		Year	Planned	Actual
Source: Legislative support service records	Baseline	1993	4	2
Comments: ⁽¹⁾ The new legislative support services include budget analysis, bill drafting, legislative research and constituency outreach. ⁽²⁾ Assistance will center on Upper and Lower House Finance and Justice Committees, but other committees will require fiscal, legal and constitutional support for their own work. Although effective legislative work is best measured at the committee level, an attempt will be made to keep records of individual members requesting and receiving assistance from the legislative support services.		1992	N/A	
		1993	4	2
		1994	4	
		1995	6	
		1996	8	
	Target	1997	10	
PROGRAM OUTCOME: Upgraded legislative functions and enhanced accountability in national and local government.				
Indicator: Public entities having an effective SAFCO Law compliance mechanism.				
Unit: Numbers		Year	Planned	Actual
Source: Controller General's Reports	Baseline	1993	14	9
Comments: This indicator was changed from last year's "Percent public resources audited". Planned figures may have to be lowered in future years if the GOB's capitalization program were to reduce the number of state enterprises. Delays due to change in administration and reorganization of Controller General's Office after the previous Controller General completed the ten year term of office.		1992	N/A	N/A
		1993	14	9
		1994	30	
		1995	60	
		1996	90	
	Target	1997	120	

PROGRAM OUTCOME: Increased citizen participation in local government and civil society..				
Indicator: Citizen-jurors trained for election day.				
Unit: Thousands		Year	Planned	Actual
Source: National Electoral Court	Baseline	1992	No elections	N/A
Comments: Total universe of non-alternate electoral jurors is about 60,000 for general elections. Alternate jurors may range from 60,000 to 120,000. USAID will no longer track this indicator because of the measurable success of our election assistance efforts. Focus will shift to popular participation at the local level.		1993	24	98
		1994	No elections	
		1995	N/A	
		1996	No elections	
	Target	1997	N/A	
PROGRAM OUTCOME: Increased citizen participation in local government and civil society.				
Indicator: Eligible voters registered for general and municipal elections.				
Unit: Millions		Year	Planned	Actual
Source: National Electoral Court	Baseline	1991 M	---	1.7
Comments: Number of eligible voters registered in 1993 is exaggerated because registry rolls still include: a) deceased registrants from previous elections and b) multiple registrants due to changes of address across departments. USAID will no longer track this indicator due to the measurable success of our election assistance efforts. Future assistance will shift focus to popular participation mechanisms at the local level. G:General M:Municipal		1992	No elections	
		1993 G M	2.0 1.5	2.4 2.2
		1994	No elections	
		1995	N/A	
		1996	No elections	
	Target	1997	N/A	

Goal: Encouraging Broad-Based Economic Growth

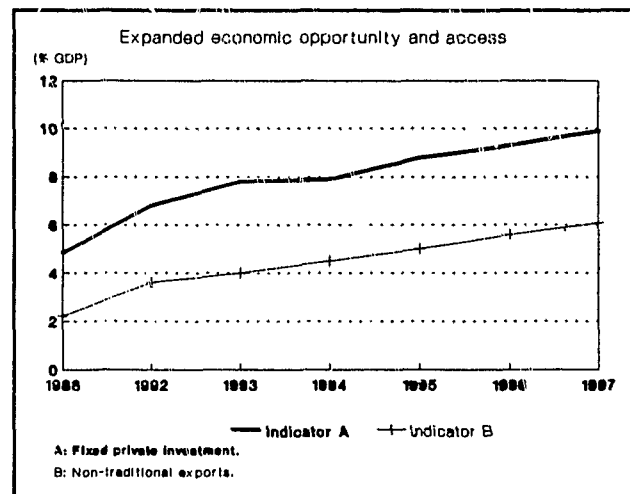
Strategic Objective: Expanded Economic Opportunity and Access

Linkages between Goal and Strategic Objective: As summarized in the Strategy Overview, Bolivia is one of the poorest nations in the Americas, and with significant inequities in the distribution of its meager resources (in 1988, the top 10% of the population captured 40% of income while the lowest 10% of the population captured 3% of income). Nor, by definition, is Bolivia's economy sustainable due to its dependence on the illegal coca/cocaine economy (estimated to be equivalent to 25.3% of legitimate exports and 2.9% of the legal economy). Bolivia's primary hope for sustainable, and equitable, increases in incomes is to increase the Bolivian citizen's opportunity for and access to legal employment opportunities. USAID is assisting Bolivia to accomplish that by supporting national programs for microenterprises, financial sector and pension reform, and nontraditional exports; as well as licit agricultural production, and marketing and related infrastructure activities in the principal area of illegal coca production and employment.

Program Outcomes: Increased employment opportunities in non-coca industries; Increased non-coca economic opportunities in the Chapare and associated areas; Increased competitiveness of non-coca export sector; and Broadened access to financial markets

Performance: Results have been positive across the board.

The private sector continues to respond slowly but surely to the country's relatively new environment of stability and free market policies. Private investment and nontraditional exports recorded modest growth. In the Chapare, the principal source of illicit coca, recent satellite imagery shows remarkable increases in licit crops and in early 1993 over 60% of the land under crops was estimated to be planted to licit products. The Cochabamba valleys, the source of much of the labor for the illicit coca industry, are now well served with all weather roads with good bridges and drainage, giving most communities reasonable access to regional centers.



USAID-supported activities are expanding Bolivia's dynamic micro finance sector. Currently, the more than 60,000 households served by the NGOs supported by USAID represent about 10% of the estimated potential market. The proposed new activity in this area will address the two major obstacles to further expansion of these

services: (1) equity; and (2) licenses. If successful, we expect to reach the majority of Bolivia's micro finance market this decade and to saturate the micro sector with financial services soon thereafter. Our ability to initiate this new activity is severely constrained by "directed" funding. As a result, we are proposing it as a "shelf" project for FY 1995. The PL-480 Title II Monetization Program continued to support microenterprise training and credit programs for poor *campesino* women in poor rural and periurban areas of the Altiplano.

The number of permanent jobs, nearly 17,000, (the vast majority of which were for laborers) created through USAID-supported programs doubled in 1993, twice the target. The PL-480 Food For Work Program, which provides a "safety net" as the GOB continues its stabilization program, supported 334,000 person-months of employment in 1994. In the Chapare, approximately 80,000 person days of employment in 1993 are directly attributable to USAID-supported efforts in bananas, whose farm gate value is estimated at \$4 million compared to \$0.8 million in 1986. Much of the impact on income is attributable to marketing efforts (including improved infrastructure) which resulted in an increase of farm gate prices from \$18.55 per ton in 1986 to an average of \$27.78 in 1993 for bananas going to the domestic market. Export quality bananas, which did not exist in Bolivia in 1986, fetched an average of \$37.89 in 1993. Over the same period per hectare yields increased from some 7.7 tons to an estimated average 13.2 tons.

The lack of willing private entities to carry out necessary marketing functions used to limit acceptance of alternative crops. To overcome this obstacle and improve the bargaining position of farmers vis a vis itinerant truckers, nascent producers' groups were provided direct technical and organizational assistance and given access to key marketing facilities. Although not yet self-sufficient as agribusinesses, these groups provide a focus for project assistance and a buffer between farmers and potential monopsonistic buyers. Farmer bargaining power has been further improved throughout the region by daily indigenous language radio broadcasts of commodity prices.

In order to increase economic opportunities in the Chapare and associated valleys, crops with clearly identified markets and proven production capability have been identified. Special effort is being concentrated on the development of stable industries based on the sustainable licit production of bananas, pineapple, palm hearts, black pepper, passion fruit, citrus and improved pastures in the Chapare; and onions, beans, garlic and peaches in the valleys.

The improvements to access roads, bridges, and marketing facilities plus the rapidly expanding production of quality products over extended seasons has prompted considerable interest from local companies in establishing themselves in the Chapare. Installation of a basic electrical distribution network by the UNDCP and its expansion by the USAID-funded National Rural Electrification

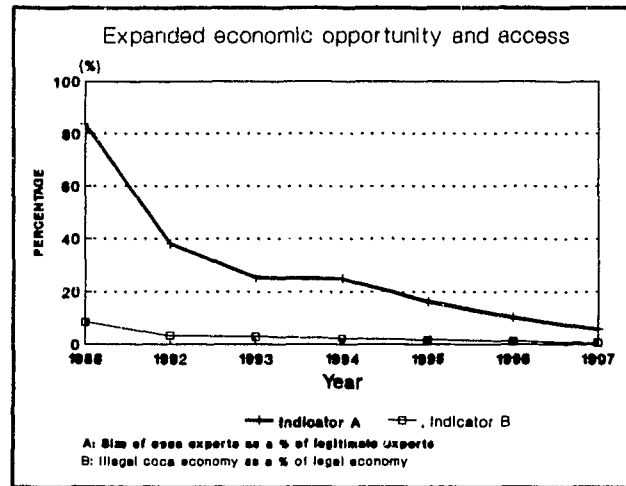
Cooperative Association (NRECA) have made it possible for firms to establish assembly, packing and/or processing operations in the region. From a situation of virtually no interest on the part of the formal business sector, now not a week passes without another serious investor presenting him/herself in pursuit of a Chapare based business opportunity.

Three firms bought pineapples for canning purposes during the 1993 harvest season while a dozen or so bought fresh fruit, some of which went as far as La Paz, Chile and Argentina. Another firm has established its own packing facilities for bananas and pineapple. Bananas are now being exported to Buenos Aires, despite rain damage to already poor roads, a nightmare railroad journey and strong official resistance from Argentine authorities. Three firms already have established themselves with substantial investment in the passion fruit business with others on the horizon. Three canners stand ready to buy hearts of palm as stands of that product begin to mature. A similar situation exists in black pepper. A UNDCP supported dairy plant is operating well below capacity providing an attractive market to Chapare milk producers and workers.

The technology transfer activities in the Cochabamba valleys are carried out by local NGOs. This implementing mechanism will be continued and expanded to include most irrigation activities in the valleys and agricultural extension in the Chapare. Although much success has been achieved in small and micro irrigation improvements, many people still cite better access to irrigation as their priority need. USAID will continue to assist Valley communities to improve their irrigation systems and, with improved crops and water management technologies, to help user groups realize the sustainable potential of these investments.

USAID-supported export and investment promotion programs exceeded 1993 targets. Exports in 1993 included processed meat, organic foods, apparel, and furniture. High value added exports such as these are necessary for the diversification and expansion of Bolivia's economy which is too small to generate the size and efficiencies in industry that are required to absorb large numbers of workers.

The pace of pension reform, which is important both as a way of providing assured future security to poor annuitants and as a way of productively mobilizing increased savings for crucial investments needed to diversify and modernize the country's economic structures, has accelerated. Without USAID's policy and technical assistance,



the GOB would not have undertaken this program. Nor would it have reached agreement with the World Bank who is scheduled to provide \$10 million to ensure the program's successful implementation.

USAID supported development of the new Bolivian Banking Law, passed in April of 1993, which brings credit unions under the supervision of the Superintendency of Banks. This produced an immediate increase in public confidence as demonstrated by a doubling of the assets for those credit unions under supervision (their share of national deposits shot up from 1.4 percent to 2.8 percent).

TABLE 1: STRATEGIC OBJECTIVE PROGRAM "TREE"

Bolivia			
AGENCY GOAL: Encouraging Broad Based Economic Growth			
STRATEGIC OBJECTIVE: Expanded Economic Opportunity and Access			
PROGRAM OUTCOME: Increased employment opportunities in non-coca industries	PROGRAM OUTCOME: Increased non-coca economic opportunities in the Chapare and associated areas.	PROGRAM OUTCOME: Increased competitiveness of non-coca export sector	PROGRAM OUTCOME: Broadened access to financial markets
Projects (Number\Title)	Projects (Number\Title)	Projects (Number\Title)	Projects (Number\Title)
0580 Management Training Project	0605/30/39 Economic Recovery Programs 1993, 1995, 1996	0585 Export Promotion Project	0577 Industrial Transition (Pension Reform) Project
0584 Training for Development Project	0613 Drug Awareness and Prevention Project		0596 Micro and Small Enterprise Development Project
0616 Technical Support for Policy Reform Project	0614 Electrification for Sustainable Development		0598 Strengthening Financial Markets Project
PL-480 TITLE II Program 1992-1994 1995-1997	0617 Cochabamba Regional Development Project		0584 Training for Development Project

PL-480 TITLE III Program 1992-1994 1995-1997	PL-480 TITLE III Program 1992-1994		
0577 Industrial Transition			
0585 Export Promotion Project			
0594 Community and Child Health			
0596 Micro and Small Enterprise Development			
0614 Electrification for Sustainable Development			
0617 Cochabamba Regional Development			
0618 CARE Community Development			

TABLE 2: STRATEGIC OBJECTIVE PERFORMANCE

Bolivia				
STRATEGIC OBJECTIVE: Expanded Economic Opportunity and Access.				
Indicator: Size of coca exports as a percent of legitimate exports.				
Unit: Percent		Year	Planned	Actual
Source: Government of Bolivia	Baseline	1988	-----	83.7
Comments: Exports only includes commodity and merchandise exports, not services.		1992	42.0	38.1
		1993	34.4	25.3
		1994	24.9	
		1995	16.3	
		1996	10.3	
	Target	1997	5.8	
STRATEGIC OBJECTIVE: Expanded Economic Opportunity and Access.				
Indicator: Illegal coca economy as a percent of legal economy.				
Unit: Percent		Year	Planned	Actual
Source: Government of Bolivia	Baseline	1988	-----	8.5
Comments: Adjusted to reflect base year 1988 GDP series. Previous estimates used base year 1980 series. Beginning with 1993, improved methodology used to estimate value added from illicit coca activities.		1992		3.3
		1993	2.9	2.9
		1994	2.3	
		1995	1.7	
		1996	1.2	
	Target	1997	0.7	

STRATEGIC OBJECTIVE: Expanded Economic Opportunity and Access.				
Indicator: Nontraditional exports-total value.				
Unit: Thousands of U.S. dollars (nominal)		Year	Planned	Actual
Source: Government of Bolivia	Baseline	1991	-----	262,114
Comments:		1992	291,000	218,067
		1993	277,000	246,140
		1994	295,220	
		1995	355,120	
		1996	424,970	
	Target	1997	504,460	
STRATEGIC OBJECTIVE: Expanded Economic Opportunity and Access.				
Indicator: GDP growth rate.				
Unit: Percent		Year	Planned	Actual
Source: Government of Bolivia	Baseline	1988	-----	3.0
Comments: Adjusted to reflect base year 1988 GDP series. Previous estimates used base year 1980 series.		1992	2.8	2.7
		1993	4.1	3.2
		1994	3.8	
		1995	4.6	
		1996	4.9	
	Target	1997	5.1	

STRATEGIC OBJECTIVE: Expanded Economic Opportunity and Access.				
Indicator: Number of poor households, not served by traditional financial institutions, receiving financial services under USAID-assisted programs.				
Unit: Number of Bolivian Households		Year	Planned	Actual
Source: MEDP/Pro Mujer	Baseline	1993	N/A	62,433
Comments: New indicator		1992	N/A	
		1993	N/A	62,433
		1994	80,000	
		1995	100,000	
		1996	125,000	
	Target	1997	160,000	
PROGRAM OUTCOME: Increased employment opportunities in non-coca industries.				
Indicator: Permanent jobs created by firms/individuals receiving USAID-supported services - total.				
Unit: Number		Year	Planned	Actual
Source: FOCAS, Micro and small enterprise, Export promotion	Baseline	1991	-----	3,422
Comments: Except for Export Promotion, which counts full-time positions, the numbers represent full-time job equivalencies, i.e., 12 person-months.		1992	6,637	9,180
		1993	8,917	16,918
		1994	5,983	
		1995	5,140	
		1996	3,741	
	Target	1997	4,599	

PROGRAM OUTCOME: Increased employment opportunities in non-coca industries.				
Indicator: Temporary jobs generated with USAID resources outside the Department of Cochabamba - total.				
Unit: Person/months		Year	Planned	Actual
Source: PL-480 Tit. II	Baseline	1991	-----	342,630
Comments: Person months equivalent to 9 days of work per month.		1992	442,159	245,917
		1993	232,260	282,559
		1994	232,260	
		1995	232,260	
		1996	232,260	
	Target	1997	232,260	
PROGRAM OUTCOME: Increased non-coca economic opportunities in the Chapare.				
Indicator: Temporary jobs generated with USAID resources in the Department of Cochabamba - total.				
Unit: Person/months		Year	Planned	Actual
Source: CORDEP, PL-480 Tit. II, SNC	Baseline	1991	-----	16,917
Comments: Beginning this year, PL-480 Tit. II figures are actual person-months. For this reason, subsequent years should not be compared with actual 1991 and planned 1992 figures.		1992	15,841	18,133
		1993	42,911	76,978
		1994	42,911	
		1995	36,611	
		1996	33,911	
	Target	1997	21,011	

STRATEGIC OBJECTIVE: Expanded Economic Opportunity and Access.				
PROGRAM OUTCOME: Increased non-coca economic opportunities in the Chapare.				
Indicator: Hectares of non-coca crops planted in the Chapare.				
Unit: Number		Year	Planned	Actual
Source: CORDEP	Baseline	1990	-----	917
Comments: Planned figures for 1994 - 1996 are based on availability, expected local reproduction, and importation of planting material; crops marketed; expanding marketing possibilities; improved access by all weather roads and expected increase in access to credit. Actual figure for 1993 estimated from sample survey.		1992	4,000	6,000
		1993	7,500	24,432
		1994	10,000	
		1995	10,000	
		1996	5,000	
	Target	1997		
STRATEGIC OBJECTIVE: Expanded Economic Opportunity and Access.				
PROGRAM OUTCOME: Increased non-coca economic opportunities in the Chapare.				
Indicator: People who believe drug production and trafficking constitute a problem for Bolivia.				
Unit: Percent of Bolivian population		Year	Planned	Actual
Source: Drug Awareness	Baseline	1992	-----	33%
Comments: The National Prevalence Survey will be repeated in 1994, with results available in 1995. In the interim, a portion of the 1993 student survey is used to approximate adult Bolivian attitudes of "parents who always oppose drug use".		1992	N/A	33%
		1993	35%	85.8%
		1994	38%	
		1995	41%	
		1996	45%	
	Target	1997	51%	

STRATEGIC OBJECTIVE: Expanded Economic Opportunity and Access.				
PROGRAM OUTCOME: Increased competitiveness of the non-coca export sector.				
Indicator: Nontraditional export sales by USAID-assisted businesses.				
Unit: Thousands of dollars		Year	Planned	Actual
Source: Export Promotion, FOCAS, CORDEP	Baseline	1991	-----	11,547
Comments: PACDs for Export Promotion and CORDEP, respectively, are FY 95 and FY 97.		1992	21,600	35,010
		1993	27,150	28,428
		1994	34,100	
		1995	26,660	
		1996	2,466	
	Target	1997	NA	
STRATEGIC OBJECTIVE: Expanded Economic Opportunity and Access.				
PROGRAM OUTCOME: Broadened Financial Markets.				
Indicator: Pass and implement pension reform.				
Unit:		Year	Planned	Actual
Source: Government of Bolivia	Baseline	1991		
Comments: Law expected to go to Congress in May, 1994, but will probably not be implemented until 1995. Passage of Pension Reform slipped by 1 year.		1992		
		1993		Not passed
		1994	Pass law	
		1995	Implement law	
		1996		
	Target	1997		

PROGRAM OUTCOME: Broadened Financial Markets				
Indicator: Pass and implement credit union reform.				
Unit:		Year	Planned	Actual
Source: Government of Bolivia	Baseline	1991		
Comments: Law passed in 1993 being implemented.		1992	Pass law	Not passed
		1993	Pass law	Law passed/ now in imple- mentation
		1994	Implement law	
		1995		
		1996		
	Target	1997		

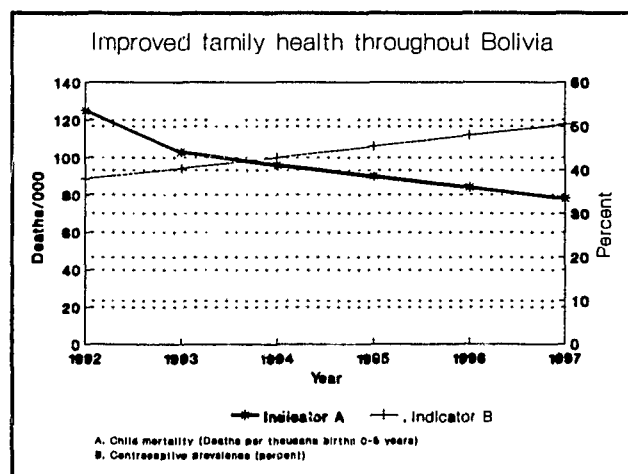
Goal: Stabilizing Population Growth and Protecting Health

Strategic Objective: Improved Family Health Throughout Bolivia

Linkage between Goal and Strategic Objective: USAID/Bolivia's strategic objective to improve family health is closely linked to the Agency's goal of stabilizing population growth and protecting health. To improve family health USAID targets mothers and children, since Bolivia has the highest rates of maternal and infant mortality and fertility in the LAC region outside of Haiti. USAID supports Bolivian efforts to lower fertility and space births since these affect the health status of mothers and children and lower the population growth rate, key factors in increasing productivity and economic growth.

Program Outcomes: Improved development and implementation of health policy; Improved institutional capabilities within the public and private sectors to deliver preventive and curative health services; and Improved health knowledge, attitudes, and practices.

Performance: USAID/Bolivia is pleased to report that strategic objective level indicators continue to show improvements in the health of Bolivians, and USAID assistance has made a significant contribution to this progress. The PL-480 Title II Program provided substantial support to child survival, maternal and child health and food security of the poorest in the country, including feeding 400,000 people.



USAID's advocacy and support of health policy reform increased with the new GOB administration. USAID played a key role in the Government's health reform plans, which include a new, more normative role for the Secretariat of Health (SNS), decentralization to increase participation, and new financing mechanisms. USAID staff, contractor and project personnel all assisted the SNS in conceptualizing and defining the reform. Other donors participated, but USAID policy reform contract staff led the way. Consensus building and development of the reform will continue in 1994, with implementation to begin in 1995.

Also, at the request of the GOB, USAID provided key support to the government for its social sector presentations at the recent Consultative Group meeting on Bolivia. There was wide donor agreement on the excellent quality of this presentation, and increased donor resources were mobilized as a result.

USAID is incorporating lessons learned from a recent child survival

assessment into continuing project support at the national level for immunization and diarrheal disease control, and the use of USAID-supported districts as models that the SNS can use in other geographic areas. District work will include social marketing of oral rehydration salts (ORS), epidemiology and management training for health personnel, mothers education for diarrhea control, and operations research for controlling acute respiratory infections. Water and sanitation efforts will shift from operations to improved maintenance and sustainability.

In 1989 coverage rates for most immunizable diseases were close to 50%. By 1993 these rates exceeded 80%. This success can partly be attributed to an active and effective Interagency Coordinating Committee (ICC), which includes all donor agencies. Over this period, USAID provided over 50% of total donor support to the program, including financing from PL 480 Title III generated local currency. Collaboration will continue with donors and the SNS to immunize all children under 15 against measles. Work is proceeding with the ICC to certify the eradication of polio.

USAID supported groundbreaking research in Chagas disease, a serious, untreatable Bolivia-specific public health problem (over 20% of population infected). USAID, with support from the Centers for Disease Control, financed congenital transmission studies, epidemiological and entomological work, and testing of household improvements, which led to the development of specific control strategies. Funding constraints prevent USAID from financing a national control program, but a planned presentation of research results and strategy options will mobilize additional donor support.

USAID trained 38 physician-managers from the GOB in epidemiology and administration in support of GOB decentralization efforts. Sub-projects developed by these district managers were presented to donors at a recent international conference and three projects were funded by UNICEF. This process has increased district managers' capacity to plan, implement and evaluate their own programs. Additional USAID support will create a Bolivian capacity to continue this training.

There has never been a more positive environment for Bolivia's family planning program. In 1994 for the first time, the Government adopted a contraceptive prevalence target in its national plan. The words family planning now are used directly in discussions with counterparts. With USAID support, the private and NGO sectors have strengthened their role in service provision, and expanded their networks to reach more clients. The Government has set new policies supporting family planning, and has appointed a strong, experienced manager for the program, making possible a much more aggressive program in the future.

USAID provides almost 80% of donor assistance to the national family planning program, as well as nearly all contraceptives. Results from the 1994 USAID-funded Demographic and Health Survey (DHS) will

be used to gauge family planning and child survival progress. USAID support will be increased to expand services in the public, private and NGO sectors. USAID also will assist the GOB to launch a national communication campaign on family planning, which is expected to increase contraceptive use and demand for services.

A recent evaluation of HIV/AIDS support found a good base for the extension of services to treat and prevent sexually transmitted diseases. Innovative work with high risk populations to prevent AIDS transmission has been done. The evaluation emphasized the need to move from pilot research to activities that can be integrated and adapted to government capacity. USAID will integrate HIV/AIDS into its reproductive health activities to achieve this objective.

From 1990-93, Save the Children (STC) implemented a demonstration project in maternal and neonatal health in a rural province. Through innovative community diagnosis techniques, the project reduced infant mortality by half, and increased modern contraceptive use from 0 to 27%. This demonstrates that Bolivia's infant and maternal mortality can be reduced through known community participation methods. A sub-project is planned to help other PVOs use these methods to reach over a million disadvantaged Bolivians. With USAID and other donor support, the GOB developed a comprehensive plan to reduce maternal and perinatal mortality which includes lessons learned from STC.

USAID, through a debt-for-development exchange, provided PROCOSI, a Bolivian network of child survival PVOs, a \$5.37 million endowment in 1994. This will finance a strengthening of PROCOSI and the child survival programs of its 13 members. An additional 17 new PVOs are expected to join the network in the next few years. PROCOSI members are U.S. and Bolivian PVOs providing child and maternal health services to the poorest 20% of Bolivia's population.

The USAID-supported Interactive Radio Learning Program is cited in the 1993 *World Development Report* as an example of success with health education through radio lessons. In 1993 over 1,000 classrooms of third and fourth grade students received broadcasts with enhanced child survival messages. USAID will explore the potential of this program to incorporate other health messages, and encourage young girls to stay in school and improve their lives.

TABLE 1: STRATEGIC OBJECTIVE PROGRAM "TREE"

Bolivia		
AGENCY GOAL: Stabilizing Population Growth and Protecting Health		
STRATEGIC OBJECTIVE: Improved Family Health Throughout Bolivia		
PROGRAM OUTCOME: Improved development and implementation of health policy	PROGRAM OUTCOME: Improved institutional capabilities within the public/private sectors to deliver preventative and curative health services	PROGRAM OUTCOME: Improved health knowledge, attitudes, and practices among Bolivians
Projects (Number\Title)	Projects (Number\Title)	Projects (Number\Title)
0616 Technical Support for Policy Reform	0607 Self-Financing Primary Health II	0568 Reproductive Health
0568 Reproductive Health	0608 HIV/STDs Prevention and Control	0594 Community and Child Health
0594 Community and Child Health	0620 PVO Child Survival II	0613 Drug Awareness
0607 Self-Financing Primary Health II	0568 Reproductive Health	0618 CARE Community Development
0608 HIV/STDs Prevention and Control	0594 Community and Child Health	0619 Interactive Radio Learning
936-3023 Macro/DHS	0613 Drug Awareness Control	Urban Development Initiative (PROA)
936-3031 Development Associates Int.	0618 CARE Community Development	0607 Self-Financing Primary Health II

936-3035 Population Policy Initiatives OPTIONS II	936-3030 Strategies for Improving Services Delivery	0608 HIV/STDs Prevention and Control
936-3054 International Population Fellows Program	936-3038 Family Planning Logistic Management	0620 PVO Child Survival
936-3062 Pathfinder Int.	936-3045 Training in Reproductive Health JHPIEGO	598-0786 Accelerated Immunization
936-3065 Expansion of Family Planning (IPPF/WHR)	936-3049 Association for Voluntary Surgical Contraception	936-3031 Family Planning Training for PAC IIB
936-5991 Data for Decision Making	936-3050 Population Council Program Grant	936-3046 Demographic Data Initiatives (RAPID IV)
	936-3055 Family Planning Management Development	936-3051 Contraceptive Social Marketing
	936-5122 Program to Eradicate Micronutrient OMNI	936-3052 Population Communication Services
	936-5600 Computer Aided Identification of American Sandflies	936-3057 Central Contraceptive Procurement
	936-5948 Vector Biology and Control	936-3061 Initiatives in Natural Family Planning
	936-5970 T.A. in AIDS and Child Survival (TAACS)	936-5966 Mothercare/JSI
	936-5991 Data for Decision Making	
	936-6006 Basic Support Inst. Child Survival (BASICS)	

TABLE 2: STRATEGIC OBJECTIVE PERFORMANCE

Bolivia				
STRATEGIC OBJECTIVE: Improved family health throughout Bolivia.				
Indicator: Infant mortality rate.				
Unit: Deaths per thousand births		Year	Planned	Actual
Source: National Population and Housing Survey (NPH), 1988; Demographic Health Survey (DHS), 1989; UNICEF, Estado Mundial de la Infancia, 1994 (UNICEF), (Actual, 1992)	Baseline	1984	-----	100
Comments: Actual baseline figure for 1984 is based on an average of the NPH & DHS. Planned figures are derived from time series analyses based on these sources. The target of 60 for 1997 is the official GOB target. New data will be available from 1994 DHS.		1992	89	80
		1993	76	
		1994	72	***
		1995	68	
		1996	64	
	Target	1997	60	
STRATEGIC OBJECTIVE: Improved Family Health Throughout Bolivia				
Indicator: Child mortality rate.				
Unit: Deaths per thousand births		Year	Planned	Actual
Source: DHS, 1989; UNICEF (Actual, 1992)	Baseline	1984	-----	142
Comments: Actual baseline figure for 1984 is based on an average of the NPH & DHS. Planned figures are derived from time series analyses based on these sources. The target of 78 for 1997 is the official GOB target. New data will be available from 1994 DHS.		1992	125	118
		1993	103	
		1994	96	***
		1995	90	
		1996	84	
	Target	1997	78	

STRATEGIC OBJECTIVE: Improved Family Health Throughout Bolivia				
Indicator: Maternal mortality.				
Unit: Deaths per hundred thousand live births		Year	Planned	Actual
Source: DHS, 1989	Baseline	1982	-----	480
Comments: The 1994 DHS will contain a nationwide maternal mortality survey, the first of its kind in Bolivia. This survey will provide baseline data for 1994, from which USAID/Bolivia will project future planned levels for this indicator. The 1997 target is the GOB target.		1992	342	
		1993		
		1994		***
		1995		
		1996		
	Target	1997	240	
Indicator: Contraceptive prevalence - modern.				
Unit: Percent		Year	Planned	Actual
Source: DHS, 1989	Baseline	1989	-----	12.2
Comments: The most reliable data for this indicator is available every 5 years, through the DHS. The 1994 DHS is underway. Planned figures were derived through a time series analyses based on 1989 DHS. The 1997 target is the GOB target.		1992	17.0	
		1993	18.6	
		1994	20.2	***
		1995	21.8	
		1996	23.4	
	Target	1997	25.0	

STRATEGIC OBJECTIVE: Improved Family Health Throughout Bolivia				
Indicator: Contraceptive prevalence - total.				
Unit: Percent		Year	Planned	Actual
Source: DHS, 1989	Baseline	1989	-----	30.3
Comments: The most reliable data for this indicator is available every 5 years, through the DHS. The 1994 DHS is underway. Planned figures were derived through a time series analyses based on 1989 DHS. The 1997 target is based on the target value for contraceptive prevalence-modern, and on the assumption that the proportion of some modern methods will increase.		1992	37.9	
		1993	40.4	
		1994	42.9	***
		1995	45.5	
		1996	48.0	
	Target	1997	50.5	
Indicator: Adequate Nutritional Status.				
Unit: Percent of 3-36 month olds with 2 or more standard deviations below median weight for age		Year	Planned	Actual
Source: "Maternal & Child Health in Bolivia", a secondary analysis of 1989 DHS.	Baseline	1989	-----	13.3
Comments: The most reliable data for this indicator is available every 5 years, through the DHS. The 1994 DHS is underway. The 1997 target value is the target adopted by the GOB.		1992	11.7	
		1993	11.2	
		1994	10.6	***
		1995	10.1	
		1996	9.5	
	Target	1997	9.0	

STRATEGIC OBJECTIVE: Improved family health throughout Bolivia.				
PROGRAM OUTCOME: Improved the development and implementation of health policy.				
Indicator: MOH design and implementation of a health care cost recovery strategy.				
Unit: GOB health cost recovery strategy		Year	Planned	Actual
Source: GOB			-----	
Comments: This indicator on cost recovery policy may be revised over the next year based on GOB plans for Health Sector reform. Present plans under development call for decentralization of health service delivery responsibility and a new financing system.	Baseline	1992		No strategy
		1993		No strategy
		1994		
		1995	Begin implementation	
		1996	Continue extension	
	Target	1997	Strategy in place nationally	
STRATEGIC OBJECTIVE: Improved family health throughout Bolivia.				
PROGRAM OUTCOME: Improved institutional capabilities within the public/private sectors to deliver preventive and curative health services.				
Indicator: Diarrheal disease cases appropriately treated by ORT.				
Unit: Percent		Year	Planned	Actual
Source: DHS, 1989	Baseline	1989	-----	23.4
Comments: Baseline figure is from the 1989 DHS, the most reliable source for this indicator. The 1993 actual figure is based on a national government survey from health facilities. Planned figures were calculated based on program effort and baseline data. The GOB has not yet established targets for this indicator.		1992	38	
		1993	41	23
		1994	43	***
		1995	46	
		1996	49	
	Target	1997	52	

STRATEGIC OBJECTIVE: Improved family health throughout Bolivia.				
PROGRAM OUTCOME: Improved the development and implementation of health policy.				
Indicator: One year old children immunized against DPT.				
Unit: Percent of one year olds receiving third dose		Year	Planned	Actual
Source: Secretariat of Health (SNS); National EPI Program	Baseline	1989	-----	23.4
Comments: Actual data comes from SNS vaccination program yearly reports. Planned targets have been revised, and are reported in 1994 UNICEF publication "Mothers and Children in Bolivia, Situational Analysis".		1992	80	64
		1993	85	81
		1994	85	
		1995	90	
		1996	90	
	Target	1997	90	
Indicator: One year old children immunized against Measles.				
Unit: Percent of one year olds		Year	Planned	Actual
Source: See DPT above	Baseline	1987	-----	17
Comments: See DPT above.		1992	80	68
		1993	85	81
		1994	85	
		1995	90	
		1996	90	
	Target	1997	90	

STRATEGIC OBJECTIVE: Improved family health throughout Bolivia.				
PROGRAM OUTCOME: Improved the development and implementation of health policy.				
Indicator: One year old children immunized against Polio.				
Unit: Percent of one year olds receiving third dose		Year	Planned	Actual
Source: See DPT above	Baseline	1987	-----	15
Comments: See DPT above.		1992	80	67
		1993	85	83
		1994	85	
		1995	90	
		1996	90	
	Target	1997	90	
Indicator: Children immunized against TB.				
Unit: Percent of one year olds		Year	Planned	Actual
Source: See DPT above	Baseline	1987	-----	30
Comments: See DPT above.		1992	80	83
		1993	85	88
		1994	85	
		1995	90	
		1996	90	
	Target	1997	90	

STRATEGIC OBJECTIVE: Improved family health throughout Bolivia.				
PROGRAM OUTCOME: Improved the development and implementation of health policy.				
Indicator: Women of reproductive age immunized against Tetanus.				
Unit: Percent of women receiving second dose of TT		Year	Planned	Actual
Source: UNICEF (1994)	Baseline	1987	-----	2
Comments: Planned figures come from revised GOB plans published in 1994. Actual figure for 1992 comes from 1994 UNICEF report on Bolivia. GOB data for 1993, however, show a coverage rate of 19%. This indicator will be confirmed in the 1994 DHS.		1992	80	60
		1993	90	"
		1994	90	***
		1995	95	
		1996	95	
	Target	1997	95	
Indicator: Access to Improved Water.				
Unit: Percent of population, urban/rural		Year	Planned	Actual
Source: "Agua para todos: Plan Nacional de Agua Potable y Saneamiento" 1992, Ministry of Urban Affairs (Baseline)	Baseline	1990	-----	74.2/29.7
Comments: Actual figures are from the National Directorate of Basic Sanitation, Min. of Human Development. This report shows no changes from 1991-1993 indicating that no national surveys were done during this period.		1992	73.9/32.9	74/31
		1993	74.3/35.2	74/31
		1994	74.9/37.9	
		1995	75.6/40.8	
		1996	76.3/44.0	
	Target	1997	77.2/47.7	

STRATEGIC OBJECTIVE: Improved family health throughout Bolivia.				
PROGRAM OUTCOME: Improved the development and implementation of health policy.				
Indicator: Exclusive breastfeeding for three to four months.				
Unit: Percent		Year	Planned	Actual
Source: "Maternal and Child Health in Bolivia", a secondary analysis of 1989 DHS	Baseline	1989	-----	42.7
Comments: Baseline and planned figures are based on analysis of 1989 DHS. The 1994 DHS is underway.		1991	44.5	
		1992	47.5	
		1993	50.0	
		1994	53.0	***
		1995	56.0	
		1996	57.0	
	Target	1997	60.0	
STRATEGIC OBJECTIVE: Improved family health throughout Bolivia.				
PROGRAM OUTCOME: Improved health knowledge, attitudes, and practices among Bolivians.				
Indicator: Indicators for this program outcome are the same as those for the previous program outcome.				
Unit: Units for these indicators are the same as those for indicators under previous outcome		Year	Planned	Actual
Source: DHS, 1989			-----	Indicators are the same as previous outcome.
Comments: Baseline and planned figures are based on the 1989 DHS, the most reliable source for this indicator. Data available every five years.		1992		
		1993		
		1994		
		1995		
		1996		
	Target	1997		

Goal: Protecting the Environment

Strategic Objective: Reduced Degradation of Forest, Soil and Water Resources and Biological Diversity Protected

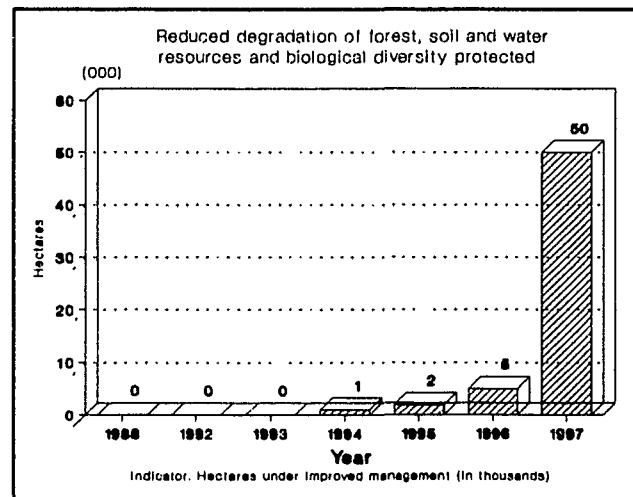
Linkages between Goal and Strategic Objective: USAID/Bolivia's Strategic Objective focuses on protecting forests and their vital ecological functions. It directly addresses two of the Agency's global priorities for the environment.

Program Outputs: Increased forest value to discourage forest conversion; Improved public and private institutional capacity for sustainable use and environmental protection; and Increased public awareness of environmental protection and sustainable natural resource management issues.

Performance: Overall progress has been good, albeit with some delays in implementation of the Sustainable Forestry Management (BOLFOR) Project. The forestry sector is an even stronger GOB priority now than when BOLFOR was designed and the new Bolivian administration is looking to USAID for continued leadership in this area.

The local political context for sustainable resource use has never been stronger. The GOB created a new and powerful super-Ministry of Sustainable Development and the Environment (MSDE) -- using the recommendations of an environmental team from Vice President Gore's office as a blueprint. President Sanchez de Lozada has expressed the GOB's strong commitment to the Rio agreements on biological diversity and global warming. Bolivia was recently selected by the UN Commission on Sustainable Development as one of only 10 nations worldwide to draft model national Agenda 21s, and will use last year's USAID/PL-480 supported National Environmental Action Plan (PAAB) as a key part of this process.

At the request of the GOB, new technical assistance instruments are being developed to continue to provide the Ministry of Sustainable Development and the Environment (MSDE) with support from two of the three institutions on Vice President Gore's original environmental team, World Resources Institute and the Environmental Law Institute. This will help the USG maintain its special relationship with Bolivia on matters of sustainable development, and enable these two countries to better learn from one another, and to inform the hemisphere.



Bolivia's poverty continues to cry out for increased incomes and access, and popular participation in sustainable development is rightly seen as the key. The GOB is looking to USAID for leadership with these historic developments, and the USG is responding through direct programs, the Enterprise for the Americas Initiative (EAI) Environmental Account, local currency support from the PL-480 Title III generations, and assistance from AID/W.

Sustainable resource use will require improved policies, technologies, institutions, and informed public participation, and the program outcomes for the Strategic Objective are targeted to these needs. The great bulk of the country's forest resources and biological diversity lie outside parks and protected areas. This means these forests must be worth more to local peoples as forests than through conversion to other uses, if the forest cover is to be maintained. This will require new forest policies to encourage investment in forest management, with new legislation governing forest use. Progress here has been good, with a new forestry law now in the Bolivian Congress (already passed by one house) that will provide the framework for a much improved system of forest tenure and forestry concessions.

This effort has been strongly complemented by USAID and Bolivian PL-480 Executive Secretariat support. For example, the GOB has asked USAID to take the lead developing effective regulations to accompany this law. The consortium of institutions (including U.S. and Bolivian NGOs) implementing BOLFOR have begun this challenging task, carefully balancing forest protection and production. Collaboration with the World Bank, UNDP, FAO/Tropical Forestry Action Plan, and the private sector has begun, and final regulations supporting wise forest stewardship will be developed before the end of the year.

Other important legislation now under development includes a progressive new Biological Diversity law, drafted with substantial public participation, and a new Land Tenure law. Local currency resources from PL-480 and USAID technical inputs have helped shape both these important initiatives. Support for more strictly "protectionist" efforts remains a priority, with collaborative programs through the LAC/DR/E Environmental Support Project. Examples of this collaboration include: a regional assessment of biological diversity in South America under the Wetlands for the Americas program; inventories of biological diversity in two of Bolivia's most important national parks conducted by the New York Botanical Garden; and an endowment for the National System of Protected Areas, a collaborative effort with the Global Environment Fund (GEF), Germany, Switzerland, and Canada under the Parks-in-Peril program, and with PL-480 generations.

However, new forest policies are not enough to insure sustainable forest use. Widespread adoption of improved, low-impact practices require competitive rates of return from new forest technologies and additional income streams. Here the growing "green" markets will be targeted with ecocertification of timber and non-timber forest

products, and work will commence with poor indigenous Chiquitano Indian communities to build on their knowledge of forest species and their uses. EAI grant support for related efforts, including protection of the intellectual property rights of indigenous peoples, will help insure greater equity in income distribution related to these activities, and encourage sound investment. Progress here has been delayed however, by the GOB's restructuring and with a slower than expected BOLFOR start. The BOLFOR Environmental Assessment concluded that almost two years of careful research and monitoring and supplemental Environmental Assessments would be required prior to recommending and/or supporting improved, low-impact forest product harvesting on a commercial scale.

Outside the forestry sector technological progress has been faster. A GEF-funded renewable energy activity, for example, is now taking the lead in Bolivia in renewable energy technologies, introducing state-of-the-art solar, wind, biomass, and small-scale hydro initiatives to poor rural areas. USAID financing of local NGOs in Cochabamba has introduced new agricultural technologies that have conserved soils and greatly reduced both chemical use and toxicity in agriculture. Both these activities are providing valuable models for reducing environmental pollution.

Improved institutional capacity is another essential element in meeting this Strategic Objective. In the public sector, this must include capacity to implement the GOB's improved policies and legislation, including the General Environmental Law. USAID is supporting long and short-term U.S.-based training in environmental quality control planned for this year, in collaboration with the new Subsecretariat for Environmental Promotion in the MSDE. In the forestry sector, capacity to implement the *Pausa Ecologica* will be further enhanced with the new forestry law and regulations, and with replacement of the Forestry Development Centers with a new Forest Service. USAID will help the GOB make this difficult transition with training and technical assistance in sustainable forestry management. Forestry training for the private sector (both forest enterprises and NGOs) will be equally important, to encourage widespread adoption -- and effective monitoring, with independent environmental audits -- of forest management and biodiversity conservation. Progress also has been made on regulations for the General Environmental Law, in particular for environmental impact assessment and environmental quality (with important support from the World Bank).

Institutional capacity also has been strengthened through the training of NGOs in Cochabamba, and with PL-480 local currency-funded VOCA project assistance. It is also at the heart of the EAI, with approximately \$2 million/year disbursed to local community groups and grassroots organizations, NGOs, and academic and scientific institutions for environmental activities. Some of these grants are accompanied by targeted technical assistance through the National Environmental Fund (FONAMA). Twenty-two EAI projects are now underway, ranging from support for indigenous peoples

organizations to "brown" environmental problems like sewage and sanitary education, working closely with Bolivian NGOs like Pro Alto (PROA). Bolivia continues to lead the hemisphere with implementation of this important initiative, and seven other USAID-assisted countries have contacted USAID/Bolivia to learn from the Bolivian model.

Finally, informed public participation in environmental decision making is critical. Both the EAI and the Bolivian PL-480 Secretariat are key players, with support for a range of environmental education initiatives throughout Bolivia, e.g., NGO programs in La Paz (LIDEMA) and Tarija (PROMETA); and funding for the Smithsonian exhibit on tropical forests, "Nuestros Bosques". Several USAID/Bolivia projects have important environmental education and/or public participation components, including Cochabamba Regional Development, BOLFOR, CARE Community Development, Community and Child Health, and the Bolivian Peace Scholarship Program. In addition, the new activity proposed for FY 1996 (Indigenous Resource Management and Biodiversity Protection) is aimed at protecting critical Chaco ecosystems through local empowerment of indigenous peoples. This will place substantial emphasis not only on poverty reduction, democratization, and biodiversity protection, but also on increasing public awareness of environmental protection and sustainable resource use. Additional resources for the Interactive Radio Learning Project could be used to develop environmental education curricula, possibly in collaboration with the centrally-funded GreenCom project.

TABLE 1: STRATEGIC OBJECTIVE PROGRAM "TREE"

Bolivia		
AGENCY GOAL: Protecting the Environment		
STRATEGIC OBJECTIVE: Reduced Degradation of Forest, Soil and Water Resources and Protected Biological Diversity.		
PROGRAM OUTCOME: Increased forest value to discourage forest conversion	PROGRAM OUTCOME: Improved public and private institutional capacity for sustainable use and environmental protection	PROGRAM OUTCOME: Increased public awareness of environmental protection and sustainable natural resources management issues
Projects (Number\Title)	Projects (Number\Title)	Projects (Number\Title)
0621 Sustainable Forestry Management	Enterprise for the Americas Initiative	511-0638 Indigenous Resource Manag. and Biodiversity Protection
PL-480 Title III	0611 Bolivian Peace Scholarship	Enterprise for the Americas Initiative
Enterprise for the Americas Initiative	0614 Electrification for Sustainable Dev.	0594 Community and Child Health
	0617 Cochabamba Regional Development	0617 Cochabamba Regional Development
	0621 Sustainable Forestry Management	0618 CARE Community Development
	PL-480 Title III	0621 Sustainable Forestry Management
	598-0780 Environmental Support Project, New York Botanical Garden	598-0780 Environmental Support Project, Wetlands for the Americas
	598-0782 Parks in Peril	PL-480 Title III

TABLE 2: STRATEGIC OBJECTIVE PERFORMANCE

Bolivia				
STRATEGIC OBJECTIVE: Reduced degradation of forest, soil and water resources and protected biological diversity.				
Indicator: Deforestation-rate declines, with increase in area under improved management practices.				
Unit: Hectares under improved management		Year	Planned	Actual
Source: ARD/USAID, FONAMA	Baseline	1993	0	0
Comments: The BOLFOR project initiates field activities in May 1994, and 1994 target will be met or exceeded.		1992	N/A	
		1993	0	0
		1994	1,000	
		1995	2,000	
		1996	5,000	
	Target	1997	50,000	
STRATEGIC OBJECTIVE: Reduce degradation of forest, soil and water resources and protected biological diversity.				
Indicator: Biodiversity protected, with increase in area under wildlife management plans.				
Unit: Hectares under improved management		Year	Planned	Actual
Source: ARD/USAID, FONAMA	Baseline	1993	0	0
Comments: The BOLFOR project initiates field activities in May 1994, and 1994 will be met or exceeded.		1992	0	
		1993	0	0
		1994	1,000	
		1995	2,000	
		1996	5,000	
	Target	1997	50,000	

STRATEGIC OBJECTIVE: Reduced degradation of forest, soil and water resources and protected biological diversity.				
Indicator: Losses in soil, water quality/quantity decline with increase in area under improved management.				
Unit: Hectares under improved management		Year	Planned	Actual
Source: ARD/USAID, FONAMA	Baseline	1993	0	0
Comments: 1994 target will be exceeded, with FONAMA/EAI grants for improved soil & water management.		1992	N/A	
		1993	0	0
		1994	1,000	
		1995	2,000	
		1996	5,000	
	Target	1997	50,000	
STRATEGIC OBJECTIVE: Reduce degradation of forest, soil and water resources and protected biological diversity.				
PROGRAM OUTCOME: Increased forest value to discourage forest conversion.				
Indicator: New, sustainable sources of forest income identified.				
Unit: # products		Year	Planned	Actual
Source: ARD/USAID, FONAMA	Baseline	1993	0	0
Comments: 1993's Environmental Assessment for BOLFOR requires 2 years of research and additional, site-specific EAs prior to commercial applications, hence, targets will be delayed.		1992	NA	
		1993	0	0
		1994	0	
		1995	0	
		1996	2	
	Target	1997	4	

PROGRAM OUTCOME: Increased forest value to discourage forest conversion.				
Indicator: Total value of forest products sustainably harvested increases.				
Unit: U.S. Dollars		Year	Planned	Actual
Source: ARD/USAID, FONAMA	Baseline	1993	0	0
Comments: 1993's Environmental Assessment for BOLFOR requires 2 years of research and additional, site-specific EAs prior to commercial applications, hence, targets will be delayed.		1992	N/A	
		1993	0	0
		1994	N/A	
		1995	N/A	
		1996	10,000	
	Target	1997	50,000	
PROGRAM OUTCOME: Increased forest value to discourage forest conversion.				
Indicator: Recommendations developed for new regulations on forestry concessions.				
Unit:		Year	Planned	Actual
Source: PL-480, BOLFOR	Baseline	1992	-----	-----
Comments: New forestry law governing forestry concessions has been passed by one house of Congress, and is under debate in the other; in addition, BOLFOR will take the technical lead in developing regulations to accompany the new law, due in draft 9/94.		1993	Completed and presented to Government	Pending; partially completed
		1994	Completed and presented to Government	
		1995		
		1996		
	Target	1997		

PROGRAM OUTCOME: Increased forest value to discourage forest conversion.				
Indicator: Recommendations developed on improved GOB resource tenure policies.				
Unit:		Year	Planned	Actual
Source: PL-480, BOLFOR	Baseline	1992	-----	-----
Comments: Additional recommendations will be developed, as appropriate. This indicator will be dropped in successive Action Plans.		1992	-----	-----
		1993	Draft recommendation	Pending
		1994	Draft recommendation	Completed 1/94
		1995		
		1996		
	Target	1997		
STRATEGIC OBJECTIVE: Reduce degradation of forest, soil and water resources.				
PROGRAM OUTCOME: Improved public and private institutional capacity for sustainable resource use and environmental protection.				
Indicator: Plan to strengthen capacity to implement Pausa Ecologica.				
Unit: Plan		Year	Planned	Actual
Source: PL-480, CDF	Baseline	1992	-----	Draft plan developed
Comments: GOB's capacity to implement Pausa will be strengthened with final passage of new Forestry law. Evaluation of Pausa's effectiveness to date will be completed in 1994.		1992	-----	Draft plan developed
		1993	Plan presented to government. Forestry law presented to Congress.	
		1994		
		1995		
		1996		
	Target	1997		

PROGRAM OUTCOME: Improved public and private institutional capacity for sustainable resource use and environmental protection.				
Indicator: Regulations developed for components of General Environmental law.				
Unit:		Year	Planned	Actual
Source: PL-480, Government of Bolivia	Baseline	1991	-----	Law approved by one house
Comments: Regulations were presented in 1993, and are currently being revised to meet GOB's new institutional context, with change in administration. This indicator will be dropped in successive Action Plans.		1992	Law approved; work on regulations begins	
		1993	Regulations presented to GOB	
		1994		
		1995		
		1996		
	Target	1997		
STRATEGIC OBJECTIVE: Reduce degradation of forest, soil and water resources.				
PROGRAM OUTCOME: Increased public awareness of environmental protection and sustainable natural resources management issues.				
Indicator: Improved public knowledge of environmental protection.				
Unit: People (resource users)		Year	Planned	Actual
Source: FONAMA, CORDEP, BOLFOR, Interactive Radio Learning project	Baseline	1992	-----	0
Comments: The 1994 target has already been substantially exceeded, thanks to FONAMA/EAI grant activities.		1993	0	5,000
		1994	1,000	
		1995	5,000	
		1996	10,000	
	Target	1997	25,000	

Section 118 and 119 Tropical Forestry/Biodiversity:

USAID/Bolivia's Strategic Objective for the Environment is focused specifically on protecting Bolivia's tropical forests and biological diversity. Numerous USAID/Bolivia activities, including the Sustainable Forestry Project, Wetlands for the Americas, New York Botanical Garden, and the Cochabamba Regional Development Project directly support these objectives. LAC/DR/E's Parks in Peril program, implemented by The Nature Conservancy in collaboration with local NGOs, has helped protect two of Bolivia's highest priority national parks: Noel Kempff Mercado and Amboró. Support to the National System of Protected Areas (SNAP) is also critical. PL-480 local currency funds were the first to support Bolivia's National System for Protected Areas (SNAP) endowment fund, and these resources have since been complemented by the Swiss and the Canadians. In addition, the World Bank continues to be a major player with the Global Environmental Fund (CEF/SNAP) and Environmental Technical Assistance projects. The Swiss (ecotourism), the IDB and the UNDP (the national Agenda 21 and Strategy) are also becoming increasingly important donors in this area.

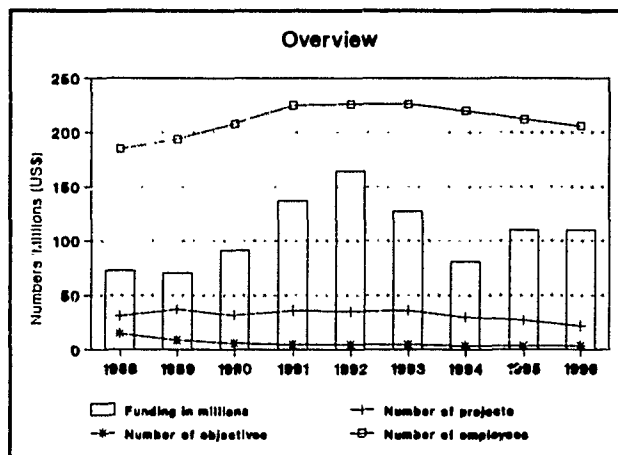
The GOB has made progress in these areas, although institutional restructuring has meant some important program delays. The new administration appears committed to sustainable resource use and to passage of a greatly improved forestry law and a powerful new Biological Diversity law. The GOB is also exploring closer collaboration with nongovernmental entities for park protection services, a difficult transition from the old ways of doing business. The new super Ministry of Sustainable Development and the Environment is coordinating development of a new Land Tenure law, with support from the World Bank and USAID, and hopes to provide an improved legal framework for sustainable land and resource use. The GOB is also firmly committed to supporting the Enterprise for the Americas Initiative (EAI), and the EAI continues to play a lead role in encouraging grassroots participation in environmental decision-making. The EAI account includes funding to several non-governmental entities for tropical forestry and biodiversity conservation.

To summarize, the status of the country's tropical forests and biological diversity have improved this past year, with important advances in environmental legislative and with creation of the new super ministry. At the same time, President Sanchez de Lozada is committed to addressing the country's severe poverty, and demands on national resources will be quite severe. Continued and substantial donor assistance will be required to help Bolivia protect its still rich forests (and their carbon offset capabilities) and biological diversity.

Section C. Portfolio Analysis: Status of Portfolio

Mindful of recent worldwide budget reductions, USAID/Bolivia has made an asserted effort to "right-size" its program. We have continued to consolidate our portfolio and concentrate on fewer and more focused objectives.

By the end of FY 92, USAID/Bolivia supported 35 projects under five strategic objectives, down from a high of 37 projects in FY 1989 and 15 objectives in 1988. Our current portfolio consists of 30 activities. We anticipate further reductions in the number of projects: 3 in FY 1995; 5 in FY 1996; and 6 in FY 1997.



Although the program budget, including PL-480, grew rapidly from FY 1988 through FY 1992 (more than doubling over that period from \$72.3 million to \$164.4 million) reductions in FY 1993 to \$127 million, and again in FY 1994 (projected at \$80.6 million) will bring our program budget more in line with traditional levels for USAID in Bolivia. We anticipate these reduced levels still will permit us to begin important new initiatives in the areas of popular participation, reproductive health, microfinance, and indigenous resource management.

1. New Activity Descriptions (NADs)

USAID/Bolivia proposes the following new activities for the Action Plan period.

Project No.	Project Title	FY Start Date	Amount Proposed (in \$ millions)
511-0630	FY95 Economic Recovery BOP	1995	18.0
511-0634	Democratic Development and Citizen Participation	1995	4.5
511-0636	Training for Sustainable Development	1996	5.0
511-0637	Microfinance	1995	10.0
511-0638	Indigenous Resource Management & Biodiversity Protection	1996	5.0
511-0639	FY96 Economic Recovery BOP	1996	18.0
PL480 Title II	Regular Program and Monetization	1996	60.0
PL480 Title III		1995	60.0
TOTAL			180.5

NEW ACTIVITY DESCRIPTION**1. Basic Data**

- (a) Project Title: Democratic Development and Citizen Participation
- (b) Project Number: 511-0634
- (c) Funding Source: DA
- (d) Duration: FY 1995-1999
- (e) Proposed LOP Funding: \$4.5 Million

2. Strategic Fit With Agency/Bureau Goal

The GOB's landmark Popular Participation Program seeks to improve the access of individuals to the state by a radical decentralization strategy which will promote municipal government effectiveness through: a) establishing new municipal boundaries that will include the whole territory of the nation for the first time; b) allocating unprecedented budgetary increases to new municipalities in poor rural and urban provincial sections on a per capita basis; and c) granting legal status to established local grass-roots institutions, legally mandating their participation in municipal government, and enabling them through a new law to demand effective accountability in both municipal decision-making and public management at the local level.

The Popular Participation Program will enhance democratic participation of Bolivia's poor Indian and Mestizo majority, while empowering local democratic institutions and civil society organizations to better address the needs of this group. Given the breadth of interests that will be affected and the complexity of the proposed new arrangements, the GOB must design an effective strategy to implement them. Immediately after the December 1995 municipal elections, in which members of the newly established municipal councils will be elected, existing grass-roots organizations and new municipal officials will have to learn to work together.

As democratic strengthening, increased participation, and assistance to poor people are critical areas of USAID interest and comparative advantage, USAID/Bolivia proposes this new project as a means of assisting in the implementation of this program at both the local and national levels. As such, the proposed project directly supports USAID/W's "Building Democracy" goal. In addition, it supports three of the four strategic objectives under the LAC Bureau's "Strengthening Democracy" goal, including: (1) strengthening competent civilian government institutions; (2) deepening pluralism and strengthening democratic values, knowledge and skills of citizens and their leaders; and (3) supporting public sector accountability and transparency of the democratic process.

3. Consistency With Mission Strategy

(a) **Project Goal:** The goal of the project is to improve the effectiveness and accessibility of key democratic institutions and practices.

(b) **Project Purpose:** The purpose of the project is to strengthen citizen participation in the democratic process, as well as the ability of local and national democratic institutions to better satisfy the demands resulting from strengthened participation.

The project directly supports the Mission's Strengthening Democracy strategic objective, and specifically contributes to the following program outcomes: "Increased Citizen Participation in Local Government and Civil Society", "Upgraded Legislative Functions and Enhanced Accountability in National and Local Government", and "Improved Quality and Speed of Judicial and Extra-Judicial Conflict Resolution". The project offers USAID/Bolivia the opportunity to combine its expertise in the areas of strengthening democratic institutions and citizen participation in municipal decision-making to support a major host country democratic initiative which holds the potential to revolutionize the relationship between the state and the individual in Bolivia.

(c) **Project Description:** The project will support popular participation in the following three ways: (1) by enfranchising Bolivia's remaining one million unregistered voters (mostly rural, poor, female individuals making up one-third of the potential electorate) through the concerted action of local grassroots organizations and NGOs; (2) by systematically facilitating productive working relationships between newly empowered municipal governments and the grassroots organizations simultaneously empowered to participate in and oversee their administration; and (3) by establishing channels and linkages from the local level to Congress, enabling citizens to learn ways to influence the law-making, oversight and representational functions of the legislature, a body traditionally distant from the grassroots. USAID/Bolivia is uniquely qualified to work in these areas given its successful track record as the only donor in Bolivia with experience in both strengthening democratic institutions (the legislature and the electoral courts) and promoting citizen participation in municipal decision-making.

(d) **Anticipated Impact on Poverty Alleviation, Access and Participation Including Gender Level Impact:** The project will have a direct and positive impact on poverty alleviation, access to democratic institutions, and participation in democratic decision-making. The project will fund activities which: (1) assist municipal governments to better manage, invest, and account for the significantly greater share of public funds entrusted to them through the GOB's Popular Participation Program; (2) help develop

the capability of local organizations established through the Popular Participation Program to participate in the decision-making process affecting the allocation and use of municipal funds; and (3) enable local citizens' organizations established through the Popular Participation Program to exercise oversight of local government in managing and investing these larger budgets.

(e) Dialogue Agenda: USAID has and will continue to consult with established grassroots organizations and NGOs promoting local participation to discern needs and design corresponding interventions. In developing this project, USAID/Bolivia has and will continue to consult with members of Congress and the National Electoral Court; the Ministry of Human Development and key representatives of its Popular Participation Unit, as well as other representatives of the Executive Branch; bilateral and international donors funding municipal government strengthening in Bolivia, including the World Bank and the GTZ; the *Instituto de Investigación y Desarrollo Municipal* (the principal Bolivian NGO involved with researching and disseminating information on municipal development issues); and a U.S. PVO implementing an experimental project promoting citizen participation in municipal decision-making in several communities in Bolivia.

(f) Donor Coordination: USAID/Bolivia will coordinate the development and implementation of this project with the World Bank, the Inter-American Development Bank, the UNDP, the Organization of American States, and the GTZ, as well as any other donors with substantial interventions in this area.

4. Policy and Design Issues

(a) Sustainability of Proposed Activities: The issue of sustainability relates to the following three major project outputs: (1) legislative systems facilitating greater congressional responsiveness to well-informed citizen demands from the local level; (2) a locally verifiable database to generate secure documentation identifying all citizens over the age of 21 for voting and other citizen participation purposes, such as the GOB's proposed universal coverage pension plan; and (3) a nonprofit organization delivering management, oversight and democratic practices training to municipal governments and local citizens' groups, which will also develop a democracy and civic education component for the curricula of grammar schools, trade schools, high schools and universities.

In the case of the first two major outputs, the national treasury will cover the operating costs of these systems during much of the LOP and after the PACD. With respect to the third major output, USAID will provide up-front funding for establishing or procuring the services of the training entity, followed by assistance in developing a cost recovery plan. The training entity will charge municipal governments for training services, thereby allowing for at least partial cost recovery. When USAID funding terminates, the

balance of funds necessary for maintaining the training entity will be sought from other donors and eventually from the GOB, which will retain an obligation to provide training to municipal governments under the Popular Participation Law.

(b) Potential Issues or Innovative Program Approaches:

Although the potential conversion of this program into a political machine will constitute an obvious temptation, all indications so far are that the GOB will restrain the parties of the governing coalition from damaging it for such ends. With respect to providing assistance to the Congress to increase its responsiveness to constituent participation, there are no major issues at this time. Similarly, there are no major issues at this time regarding assistance aimed at universal franchise. However, at this stage in project development, project designers are grappling with the ways to anticipate and design interventions which preempt or mitigate potential problems stemming from the new municipal-level interinstitutional relationships established through the Popular Participation Program. In addition, program designers are considering several different mechanisms for the delivery of training to municipal governments and legally constituted local participation and oversight organizations. Although a delivery mechanism has not yet been developed, the following basic principles will be applied: management training should be demand driven and paid for, at least in part, by the municipal government beneficiaries; civics training should utilize popular mechanisms of communication, especially radio; and school and university curriculums under the GOB's Education Reform Program should include basic democracy skills content.

(c) Linkages to and Utilization of Global Resources and LAC Regional Programs: USAID/Bolivia may request targeted assistance from the Global Bureau's Democracy Center and USAID/Ecuador's RHUDO Office in the design, implementation, monitoring and/or evaluation of this project, as well as drawing upon PARTICIPA and CONCIENCIA, the Chilean and Argentine civic education organizations and the experience of other Chilean and Colombian municipal development entities supported by AID.

(d) Management and Support Requirements: The project will be managed by the Democratic Initiatives Division of the Project Development and Implementation Office. Under the supervision of the Regional Democratic Initiatives Officer, the FSN PSC Deputy Director/Political Advisor of the Democratic Initiatives Division will have direct management responsibility over the project. He will be assisted by an FSN PSC Project Coordinator. The services of a U.S. PVO, university, or other qualified entity or entities will be procured for implementing activities strengthening Congress's representative capabilities and perhaps a portion of the municipal government training. A Bolivian training entity will be procured or created to strengthen the democratic participation process at the municipal level.

(e) Timetable and Resource Requirements for Developing the Assistance Proposal: USAID expects to have a Concept Paper completed and approved by the end of May 1994, and to complete the project design by the end of FY94, followed by an October 1994 authorization and obligation of funds. In order to do this, USAID/W will have to provide an early FY95 budget allowance of at least a first tranche of funds.

(f) Recommendations on Delegation of Authority for Further Review and Approval: Mission recommends that the AA/LAC delegate project authorization authority to the USAID/Bolivia Director. This recommendation is consistent with Delegation of Authority Number 752, dated September 14, 1992.

NEW ACTIVITY DESCRIPTION

1. Basic Data

- (a) Project Title: Training for Sustainable Development
- (b) Project Number: 511-0636
- (c) Funding Source: DA
- (d) Duration: FY 1996-2000
- (e) Proposed LOP Funding: \$5.0 million

2. Strategic Fit with Agency/Bureau Goals

The Training for Sustainable Development (TSD) project supports the achievement of the Agency goal of sustainable human development in its most direct application, **investing in people**. The project supports the Agency Economic Growth Strategy through training to improve Bolivia's human resource base and to help meet the critical need for qualified professionals in key managerial and technical positions in the country. Bolivia is one of the poorest countries in South America and will remain so until its human resource base, probably its greatest resource, is able to fully participate in the national quest for broad-based economic growth. Trained, quality leadership must step forward to find solutions to alleviate Bolivia's intense poverty, to communicate the need for reform to the public, to increase the understanding and practice of democratic participation, and to promote decentralized decision-making.

3. Consistency with Mission Strategy

(a) **Project Goal:** The project goal is to assist Bolivia develop its human resource base through training of professionals.

(b) **Project Purpose:** The project purpose is to equip Bolivian professionals with the necessary skills to direct, influence and manage the implementation of programs supportive of broad-based economic growth in the country.

This purpose is in direct support of the USAID/Bolivia strategic objective of "expanded economic opportunity and access." It also contributes to the USAID/Bolivia strategic objective of "improved effectiveness and accessibility of key democratic institutions and practices" by training professionals. The project will help develop expertise and the democratic outlook to design and implement relevant policy alternatives and programs for sustainable development.

Tangible project indicators (e.g., numbers of professionals trained, number of women trained, fields of study, positions held after training) will be supported by less tangible "spread effect" indicators at the program outcome and strategic objective levels. The project will track the activities and career paths of returned

participants to determine the relative benefits of the training received. The follow-on component of the project will provide a framework for returned participants to multiply the benefits of the training they receive. Recognizing that the least tangible benefits of training are changes in attitude and outlook, the project will look for evidence of systemic change as the result of actions carried out by returned participants.

(c) Project Description: The project will consist of long and short-term academic and technical training of Bolivian professionals in the United States and third-countries. The project also will finance the Follow-On Program, incorporating returned USAID-funded Bolivian participants regardless of the source of their original funding.

The project will train 120 professionals from the public and private sectors, including government officials, leaders of non-governmental, private sector, and private voluntary organizations, university professors and administrators. A minimum of 40% of the trainees are expected to be women. About 60% of the training will be at the Masters Degree level in the U.S. and third-country universities with a focus on policy formulation, management, planning and project development.

USAID/Bolivia's ongoing and highly successful Follow-On Program involves recent (e.g., returnees over the last ten years) USAID-funded trainees regardless of funding source. The Follow-On Program currently boasts over 600 active members who propose and implement an average of twenty community service, management and small enterprise development, and participatory activities annually. Larger campaigns (e.g., environmental education for school children in Santa Cruz, diarrhea prevention in Sucre, and AIDS/HIV awareness in Potosi) reached many thousands more. The TSD project will support USAID/Bolivia's returned participants by providing modest funding for small project and training activities, networking and alumni association activities in nine Bolivian departments, and technical seminars and workshops hosted by returned participants on a variety of issues.

(d) Anticipated Impact on Poverty Alleviation, Access, and Participation: Efforts to alleviate poverty, improve access, and expand participation in Bolivia have been hampered by the shortage of trained professionals to serve as leaders and catalysts for change. One of the most severe problems in the design, implementation, coordination and evaluation of sustainable development programs, projects or activities in the public and private sectors is the absence of qualified and experienced managers and management teams. The TSD project focuses on meeting the much needed demand for highly skilled U.S. and third-country trained technicians, managers, policy and decision-makers, and is targeted to an audience of professionals with proven leadership potential and technical skills. Masters level programs currently being offered in

Bolivia meet some of the urgent requirements for professional training. However, as with the entire education system in Bolivia, these universities and the opportunities they offer are limited.

USAID/Bolivia has conducted successful participant training programs for over four decades. Returned participants now occupy a number of key positions in government, the private sector, nongovernmental and private voluntary organizations, and business. While the impact these returned participants have had on reducing poverty in Bolivia has yet to be quantified, past experience indicates that the technical, managerial, and leadership skills acquired through U.S. and third-country training extend deeply and positively throughout Bolivian society.

(e) Dialogue Agenda: The dialogue agenda with the Government of Bolivia will focus on maintaining highly trained and qualified professionals at the forefront of policy reform program formulation and implementation so desperately needed in Bolivia. The GOB's main priority, as stated at the December 1993 meeting of the Consultative Group, is to substantially increase broad-based economic growth to a range of 6 to 8 percent a year by 1996. The obstacles to such ambition include very low levels of domestic savings and private sector investment, **an inadequate pool of trained and educated manpower**, and inadequate access to needed health service and basic nutrition. The TSD project will help provide a mechanism whereby Bolivia can attempt to fill the vacuum for trained leadership at the professional levels.

(f) Donor Coordination: USAID will coordinate training opportunities offered under this project with **other donors** to avoid duplication of effort and maximize benefits and impact.

4. Policy and Design Issues

Whereas this project hardly offers a "new approach" to attaining sustainable human resource development goals, worldwide experience has proven that **investing in people** through U.S. and third-country training greatly benefits both the recipient country and the U.S. Returned participants have proven over the years to be effective change agents in societies desperate for change. Similarly, returned participants become effective interlocutors with counterparts in the United States, often seeking to maintain professional, business, and cultural relations long after the training is complete.

Bolivia's hard won economic policy reform program is fragile, and trained professionals stand at the vanguard of efforts to broaden its base of support. For example, Bolivia is looking, along with its LAC neighbors, to benefit from a new era of hemispheric free trade following the NAFTA accord.

(a) **Sustainability:** This project will increase the human resource base in Bolivia by offering training to qualified individuals who hold, or have the potential to hold, key positions in support of broad-based economic development. The project complements Bolivia Government policy reform efforts, with a focus on training professionals to assume positions of leadership in technical, managerial, academic, and administrative roles.

(b) **Potential Issues:** No significant issues have been identified.

(c) **Linkages or Utilization of LAC Regional Programs:** The TSD project will be implemented in coordination with a program currently being designed by LAC/DR/EHR. This program will allow missions to buy-in to a consortium of U.S. universities which will offer Masters level programs with a guaranteed tuition ceiling representing significant savings.

(d) **Management and Support Requirements:** The project will provide an articulated, integrated and well managed structure, based on the experience and expertise currently available within USAID/Bolivia's Training Division. Participants will be selected in close cooperation with USAID/Bolivia's technical offices, the Bolivian government, nongovernmental and private voluntary organizations, other donors, and the extensive network of returned participants now holding important positions in the public and private sectors. Utilization of a U.S. institutional contractor, procured through an existing buy-in with USAID/OIT, is anticipated to assist in the placement and monitoring of participants in the U.S.

(e) **Timetable/Resources Required to Develop the Project Paper:** The Training Division, assisted by a PD&I Project Development Officer and the DP Deputy Program Officer, will develop the project paper. Modest outside design assistance may be required, acquired through an existing buy-in arrangement under the HERNS project supported by OIT. The project paper will be prepared for final approval during the first quarter of FY 1996.

(f) **Delegation of Authority:** USAID/Bolivia recommends the Assistant Administrator for Latin America and the Caribbean delegate project authority to approve the TSD project to the USAID/Bolivia Mission Director.

NEW ACTIVITY DESCRIPTION

1. Basic Data

- (a) Project Title: Microfinance
- (b) Project Number: 511-0637
- (c) Funding Source: To be determined
- (d) Duration: Shelf 1995 FY 1996-1997
- (e) LOP Funding: \$10 million

2. Strategic Fit with Agency/Bureau Goal

Micro enterprise development has been given priority emphasis in the Agency's new "Economic Growth" policy. This project is directed at microenterprises and poor households. USAID/Bolivia supports the Agency policy guidance which indicates financial services as the most successful means of assisting microenterprises. The project directly supports two Program Outcomes, (1) increased employment opportunities in non-coca industries, and (2) broadened access to financial markets.

3. Consistency with Mission Strategy

(a) **Project Goal:** The project's goal is to increase income and employment of the Bolivian poor by significantly broadening access to financial services. This project supports the Mission's "Expanded Economic Access and Opportunity" strategic objective.

(b) **Project Purpose:** To enhance the capacity of a small group of microfinance institutions to deliver financial services to the poor.

(c) **Project Description:** In the last decade, new financial technologies developed in various countries have provided efficient financial services (credit and savings) to poor households, including those households' income-producing activities (microenterprise). These technologies have been proven and refined in Bolivia over the last six years. The challenge is to extend these services to the massive numbers of poor households who would find them valuable.

Rough estimates suggest a potential reachable clientele for such services in Bolivia of perhaps 600,000 poor households. Assuming an average loan balance rising over the years to \$500 per household, the capital requirement will be around US\$300 million. Only 10% of this demand is being served right now (\$30-35 million reaching about 60-70,000 poor households), mainly by PRODEM and Banco Solidario, both of which sprang from USAID/Bolivia's Micro and Small Enterprise Development Project.

Donor agencies fund microfinance programs with donations (equity) and loans (debt). Generally donor debt finance in such programs

cannot leverage additional commercial-source funding, and equity finance (including guarantee authorities) rarely leverages more than two dollars of total finance for each dollar of donor input. At this rate, \$150 million in donor funds would be required for adequate service of Bolivia's market for poor people's finance.

However, once a microfinance program reaches the stage of being able to qualify for a banking license or its equivalent, it can quickly leverage twelve dollars in poor peoples' finance for each dollar of equity (i.e., donated) input. Operating on this basis, the required \$300 million of microlending can be financed from commercial sources if an equity base of \$25 million can be assembled. Banco Solidario is already leveraging its \$5 million in equity capital (principally from USAID and other development agency sources). There are several other good Bolivian microfinance programs, who account for approximately another \$5 million in equity at their disposal, but none of them has yet been able to get a banking license. Individually they do not have the \$5 million required for a full bank license, and the Superintendency of Financial Institutions is reticent to opening a new window to license them on a lower equity capital basis.

Thus, there is a double gap which needs to be filled in order to spread efficient new microfinance technologies to all the poor Bolivians who can practically use them:

Funding: Additional equity of perhaps \$15 million, principally from donations, will be needed;

Licensing: Banking licenses, or some equivalent which allows commercial leveraging, must be structured for a few more microfinance programs (in addition to Banco Solidario).

The proposed project could go a long way to filling these gaps. Most of the requested resources would be donated to sound microfinance NGOs, on the condition that they be invested by those NGOs as equity in licensed microfinance intermediaries (including Banco Sol and other intermediaries which would complement it and compete with it). Each dollar so invested will predictably leverage twelve dollars of microlending. We have little doubt that other development agencies would be willing to add equity funds to those provided by the USAID project, based on past successes in attracting such matching funds.

Perhaps 5-10% of the requested resources would be used to finance technical assistance and training to help a very few good NGO programs raise themselves to the level of operations controls necessary to comply with the Superintendency's licensing requirements; and perhaps to subsidize, for a very few years, the Superintendency's supervision costs for microfinance institutions.

The key objective against which the project will be designed and managed is providing a major improvement in the efficiency and cost

of financial services available to the majority of poor Bolivian households, including their income producing activities. In terms of the quality of services, the principal indicator will be reduction in the cost of financial intermediation.* The higher-level purpose of improvement in financial intermediation is to better the efficiency of poor people's economic activities, thereby raising incomes and reducing poverty. Rigorous measurement of these latter changes and their dependable attribution to project interventions is extremely expensive if not impossible. Whether the project attempts to measure these variables directly will depend on the outcome of current AID/W research on monitoring methodology. In the meantime, we are satisfied with the benefits of a project which accomplishes a massive lowering of costs of financial intermediation for poor people who have formerly been excluded from the formal finance system. The existence of such benefits is attested by the massive numbers of poor people who rush to take advantage of such services when they are offered, even though they are charged the full cost of the services. (Banco Sol's client base is already at 50,000 households, and is doubling every year.)

In addition to measuring the quality of the financial services in terms of intermediation costs, we will also measure the extension of those services in terms of the percentage of poor Bolivian households which have access to them.

(d) Anticipated impact on poverty alleviation, access and participation, including gender level impact: In the economic area, Agency strategies focus on growth and access. The impact of the proposed project on poor people's access to the economic and financial systems of their country is too obvious to require analysis. As to the growth aspect, it should be sufficient to observe that in any country, sector, or economic level that economists have ever studied, growth is always strongly correlated with the efficiency, cost, and volume of financial intermediation.

As of the end of 1993, about 70% of Banco Sol and PRODEM's 60,000 customers were women, thanks to systems which respond well to their particular needs. We would expect the majority of customers served by this project to be women.

(e) Dialogue Agenda: Bolivia's macroeconomic framework requires no change to make this project viable. The important policy component will be a dialogue with, and possible support to, the

* For example, before PRODEM/Banco Sol began operations, the cost of intermediation in a typical poor community would be about 500%: the effective annual cost of a loan from an informal moneylender (say, 500%), minus the effective annual return on the usual savings instrument (0% on cash under the mattress). But once the same community has access to a full-service Banco Sol office, loans are available at an effective annual rate of about 35%, while save, liquid savings deposits pay about 10%, for a cost of intermediation which is one twentieth of that which prevailed previously.

Superintendency of Banks to smooth the way for licensing of a few of the better NGO microfinance programs. The availability of significant resources to put these programs on a solid financial footing should be an important factor in convincing the Superintendent.

(f) **Donor Coordination:** During the pre-design USAID/Bolivia has already coordinated with the World Bank, the German bilateral donor agency, and about a half dozen NGOs. The IDB also will be brought into the process. Other donors and NGOs will be involved throughout the project, either in coordinating roles or direct project participation.

4. Policy and Design Issues

(a) **Sustainability of Proposed Activities:** Financial self-sufficiency of participating institutions would not be an outcome of this project; on the contrary, it would be a precondition for participation. Bolivia, fortunately, has several microlending NGOs who are already at this stage, in addition to Banco Sol.

(b) **Potential Issues:** The excessive "directives" assigned to USAID/Bolivia do not permit the flexibility to start this activity in FY95 unless the OYB is increased (possibly from the Administrator's Microenterprise Fund). Therefore, it is submitted as a "shelf" activity for FY95 and firm start in FY96.

(c) **Linkages to and Utilization of Global Resources and LAC Regional Programs:** Because non-directed Mission resources are severely limited, the Mission may request access to the Microenterprise Fund. USAID/Bolivia has actively participated in the centrally funded GEMINI project. We will continue to do so, especially to access key technical assistance and to keep abreast of new developments in the micro finance field.

(d) **Management and Support Requirements:** The staff of the Mission's Economic Opportunity office is unusually well-versed in microfinance issues, and already has established close working relationships with several of the best microfinance experts in the world who are applying in Bolivia the lessons learned in hundreds of microfinance programs all over the world. The additional staff time necessary to manage this project will be available through the termination of other projects.

(e) **Timetable and Resource Requirements for Developing the Assistance Proposal:** We expect to complete the project design during the first quarter of FY 1995, followed by a second quarter authorization and obligation of funds. This requires AID/W to provide an increased OYB for FY95 or relief from the "directives" of USAID's DA OYB and an early FY 95 budget allowance.

(f) **Recommendations on Delegation of Authority for Further**

Review and Approval: Given the Mission's experience and success in this area, a complete delegation of all subsequent stages of project design and approval is appropriate.

NEW ACTIVITY DESCRIPTION**1. Basic Data**

- (a) Activity Title: FY 1995 Balance of Payments Support
- (b) Activity Number: 511-0630
- (c) Funding Source: ESF/CN
- (d) Duration: FY 1995-1996
- (e) Proposed LOA Funding: \$18.0 million

2. Strategic Fit with Agency/Bureau Goal

The ESF Balance of Payments program supports the Agency Sustainable Development objective of Encouraging Broad-Based Economic Growth by providing balance of payments assistance in support of the GOB's structural adjustment programs. The program also supports the Agency Strategic objective of Building Democracy through improved effectiveness and accessibility of key democratic institutions and practices, particularly improved quality and speed of judicial and extra-judicial processes. The program specifically supports a range of USG counternarcotics objectives in Bolivia.

3. Consistency with Mission Strategy

(a) **Activity Goal:** The ESF Balance of Payments Assistance Program directly supports areas of critical USG policy interest in Bolivia: counternarcotics, broad-based economic growth, and democracy. The Program supports the USAID/Bolivia goals of Expanded Economic Opportunity and Access and Building Democracy. Verifiable indicators will include progress on counternarcotics and economic access through tracking of the illegal coca economy as a percent of the legal economy, GDP growth rate and other indicators.

(b) **Activity Purpose:** The purpose of the program is to offset foreign exchange losses from reduction in the cocaine trade and to help finance the GOB's social and economic development programs, particularly in activities alternative to coca growing and processing, consistent with the USAID Program Outcomes of Increased Non-Coca Economic Opportunities in the Chapare and associated areas and Increased Competitiveness of the Non-Coca Export Sector. Verifiable indicators will be developed in terms of progress on a negotiated "basket" of counternarcotics, institutional, social and economic program implementation.

(c) **Activity Description:** Consistent with the goals of counternarcotics, democracy and broad-based economic growth, the FY 1995 ESF Program will be designed to: (i) provide balance of payments support needed to sustain implementation of the GOB's programs; (ii) provide offsetting foreign exchange to compensate for losses of foreign exchange resulting from the suppression of illicit coca products; (iii) assist in financing projects and

investment to develop viable alternatives to employment and income generation now provided by the coca sub-economy; and, (iv) strengthen Bolivia's democratic institutions, particularly those involved in the administration of justice.

The ESF dollars will be used to contribute to Bolivia's external debt reduction objectives. Counterpart local currencies will be provided by the GOB and jointly programmed by USAID/Bolivia and the GOB to: (i) contribute to the USAID/Bolivia local currency Trust Fund; (ii) provide counterpart to key USAID/Bolivia development projects, particularly alternative development projects in the Chapare transitional areas and the high valleys; and (iii) finance GOB counterpart requirements for selected multilateral donor projects.

(d) Anticipated impact on poverty alleviation, access and participation: The GOB economic and structural reform program supported by FY 1995 resources is expected to result in raising the country's medium term per capita growth prospects from underlying levels on the order of 1 percent a year to levels of 2-3 percent a year. Planned structural reforms, including pension reform, the GOB's innovative capitalization program and other important reforms should assure wide distribution of the benefits of the economic policy and other growth enhancing components of the program. Gender level impact is expected to be roughly equal between male and female.

(e) Dialogue agenda: The major focus of the dialogue agenda and conditions precedent to tranching disbursement will relate to coca eradication targets, effective narcotics interdiction, enforcement of Bolivia counternarcotics Law 1008 and the maintenance of a comprehensive sustainable development program. In addition, key sectoral issues associated with USAID/Bolivia's strategic objectives will be identified and included in the Conditions Precedent and Covenant Sections of the Agreement.

(f) Donor coordination: Program components may complement the stabilization and structural adjustment objectives of ongoing GOB programs with the World Bank and the IMF. ESF program components will be determined jointly by USAID/Bolivia and the GOB. There will not be any cross conditionality. ESF program compliance will not be directly linked to any program or policy condition of any other donor.

4. Policy and Design Issues

(a) Sustainability: The thrust of the policy focus of the program is to support sustainable policy frameworks in counternarcotics and associated structural adjustments. The program directly supports the GOB's economic and social programs and implementation of the Counternarcotics Law 1008.

(b) Potential issues: The GOB has substantially complied with economic and sectoral conditionality in the past, but has had difficulty with fully complying with coca eradication targets. This resulted in reduced disbursements in the FY 1991 and FY 1992 Programs.

(c) Linkages to Global Bureau resources and LAC regional programs: None.

(d) Management and Support Requirements: Monitoring of compliance with counternarcotics programming will be done by the permanent staff of the Office of Economics, and will not require additional OE or project financing. USAID management of local currency programming and use is done by a permanent unit established in the Project Development and Implementation Office. Since 1988, USAID has worked closely with the GOB in establishing a separate GOB unit devoted exclusively to monitoring and accounting for both the local currencies and the dollars. This unit is financed from local currency counterpart and is usually staffed by about 25 persons. The system works well.

(e) Timetable and Resource Requirements for Developing the Assistance Proposal: A Concept Paper and PAAD will be developed early in FY 1995. These documents will be developed by the permanent staff of USAID/Bolivia.

(f) Recommendations on Delegation of Authority for Further Review and Approval: Development of the Concept Paper and PAAD will be an interagency exercise coordinated in La Paz. The Concept Paper and PAAD will be reviewed and approved in USAID/W.

NEW ACTIVITY DESCRIPTION

1. Basic Data

- | | |
|---------------------------|-------------------------------------|
| (a) Activity Title: | FY 1996 Balance of Payments Support |
| (b) Activity Number: | 511-0639 |
| (c) Funding Source: | ESF/CN |
| (d) Duration: | FY 1996-1997 |
| (e) Proposed LOA Funding: | \$34.5 million |

2. Strategic Fit with Agency/Bureau Goal

The ESF Balance of Payments program supports the Agency Sustainable Development objective of Encouraging Broad-Based Economic Growth by providing balance of payments assistance in support of the GOB's sustainable development and counternarcotics programs. The program also supports the Agency's Strategic Objective of Building Democracy through improved effectiveness and accessibility of key democratic institutions and practices, particularly improved quality and speed of judicial and extra-judicial processes. The program specifically supports a range of USG counternarcotics objectives in Bolivia.

3. Consistency with Mission Strategy

(a) **Activity Goal:** The FY 1996 ESF Balance of Payments Assistance Program will directly support the same three areas of critical USG policy interest in Bolivia as the FY 1995 Program: counternarcotics, broad-based economic growth and democracy. The Program will support the USAID/Bolivia goals of Expanded Economic Opportunity and Access and Building Democracy. Verifiable indicators will include progress on counternarcotics and economic policies through tracking of the illegal coca economy as a percent of the legal economy, GDP growth rate and other indicators.

(b) **Activity Purpose:** The purpose of the program is to offset foreign exchange losses from reduction in the cocaine trade and to help finance the GOB's social and economic development programs, particularly in activities alternative to coca growing and processing, consistent with the USAID program outcomes of Increased Non-Coca Economic Opportunities in the Chapare and associated areas and Increased Competitiveness of the Non-Coca Export Sector. Verifiable indicators will be developed in terms of progress on a negotiated "basket" of counternarcotics, institutional, social and economic program implementation.

(c) **Activity Description:** Consistent with the goals of counternarcotics, democracy and broad-based economic growth, the FY 1996 ESF Program will be designed to: (i) provide balance of payments support needed to sustain implementation of the GOB's programs; (ii) provide offsetting foreign exchange to compensate for losses of foreign exchange resulting from the suppression of

illicit coca products; (iii) assist in financing projects and investment to develop viable alternatives to employment and income generation now provided by the coca sub-economy; and, (iv) strengthen Bolivia's democratic institutions, particularly those involved in the administration of justice.

The ESF dollars will be used to contribute to Bolivia's external debt reduction objectives. Counterpart local currencies will be provided by the GOB and jointly programmed by USAID/Bolivia and the GOB to: (i) contribute to the USAID/Bolivia local currency Trust Fund; (ii) provide counterpart to key USAID/Bolivia development projects, particularly alternative development projects in the Chapare transitional areas and the high valleys; and (iii) finance GOB counterpart requirements for selected multilateral donor projects.

(d) Anticipated impact on poverty alleviation, access and participation: The impacts of the GOB social and economic program implementation supported by FY 1995 resources are expected to be consolidated and reinforced by continued balance of payments support.

(e) Dialogue agenda: The major focus of the dialogue agenda and conditions precedent to tranching disbursement will relate to coca eradication targets, effective narcotics interdiction, enforcement of Bolivia counternarcotics Law 1008 and the maintenance of an appropriate social and economic development program. In addition, key sectoral issues associated with USAID/Bolivia's strategic objectives will be identified and included in the CP and Covenant Sections of the Agreement, as appropriate.

(f) Donor coordination: Program components may complement the stabilization and structural adjustment objectives of ongoing GOB programs with the World Bank and the IMF. Program components will be determined jointly by USAID/Bolivia and the GOB. There will not be any cross conditionality. ESF program compliance will not be directly linked to any program or policy condition of any other donor.

4. Policy and Design Issues

(a) Sustainability: The thrust of the policy focus of the program is to support sustainable development frameworks in counternarcotics and associated structural adjustment. The program directly supports the GOB's social and economic programs and implementation of the Counternarcotics Law 1008.

(b) Potential issues: The GOB has substantially complied with economic and sectoral conditionality in the past, but has had difficulty with fully complying with coca eradication targets. This resulted in reduced disbursements in the FY 1991 and FY 1992 Programs.

(c) Linkages to Global Bureau resources and LAC regional programs: None.

(d) Management and Support Requirements: Monitoring of compliance with economic and counternarcotics programming will be done by the permanent staff of the Office of Economics, and will not require additional OE or project financing. USAID management of local currency programming and use is done by a permanent unit established in the Project Development and Implementation Office. Since 1988, USAID has worked closely with the GOB in establishing a separate GOB unit devoted exclusively to monitoring and accounting for both the local currencies and the dollars. This unit is financed from local currency counterpart and is usually staffed by about 25 persons. The system works well.

(e) Timetable and Resource Requirements for Developing the Assistance Proposal: A Concept Paper and PAAD will be developed early in FY 1996. These documents will be developed by the permanent staff of USAID/Bolivia.

(f) Recommendations on Delegation of Authority for Further Review and Approval: Development of the Concept Paper and PAAD will be an interagency exercise coordinated in La Paz. The Concept Paper and PAAD will be reviewed and approved in USAID/W.

NEW ACTIVITY DESCRIPTION

1. Basic Data

- (a) Activity Title: PL-480 Title III Three-Year Program (95-97)
- (b) Activity Number: N/A
- (c) Funding Source: PL-480
- (d) Duration: FY 1995-97
- (d) LOA Funding: \$60.0 million (CCC value and transport.)

2. Strategic Fit with Agency Goal

The goal of USAID/Bolivia's Title III program is to improve the food security of the Bolivian population. This is entirely consistent with the Agriculture and Trade Development Act of 1990 and the Agency's overall objective of broad-based economic growth.

3. Consistency with Mission Strategy:

(a) **Activity purpose:** The purpose of the Title III program is to increase agricultural production, productivity and incomes in the areas of greatest food insecurity in the country, i.e., the Altiplano and Inter-Andean rural areas.

(b) **Impact on poverty alleviation:** Three out of four Bolivians are poor, earning only one-fifth of the national income (per capita GDP in 1993 is estimated at \$858). The 1995-97 Title III program will include a stronger emphasis on food security. Programs which promote food security are strongly associated with poverty alleviation, by improving the living conditions of the food-insecure by either enabling them to earn higher incomes with which to procure more food, and/or to produce more food.

(c) **Activity Description:** USAID/Bolivia is requesting continuance of a PL-480 Title III program level of \$20.0 million/year for the sale of USDA wheat for joint programming of local currency sales proceeds between the GOB and USAID. More than half of this amount will be programmed as counterpart funds to USAID-supported sustainable development projects, including natural resources management. The remaining local currencies will be used for non-counterpart activities, such as the promotion of wheat production in areas of Bolivia where it is economically feasible, and support to small farm production and marketing. More than ten per cent of generated local currencies will fund activities carried out by private voluntary agencies.

(d) **Policy agenda:** Most important economic policy changes associated with structural adjustment and economic stabilization have been adopted by the government. However, they remain to be deepened and translated into concrete benefits for Bolivia's poor.

In an attempt to spread the benefits of economic growth more equitably, the government is pushing a revolutionary program of popular participation which will increase the flow of investment resources from La Paz to outlying poor communities. Policy reforms in this area will figure prominently in the Title III program. Achieving decreased dependence on local currency support of the operational budgets of government ministries also will be a policy issue.

(e) Donor coordination: Participation by both Bolivian and U.S. NGOs in the implementation of activities which support expanded opportunity and food security is expected to be quite high. Coordination of activities with other donors will be as close as possible, with some local currency generations co-financing activities they support.

4. Design Issues:

(a) Sustainability: The program will support a number of activities promoting sustainable increases in agricultural productivity. For example, the local currency-supported wheat production improvement program in Santa Cruz, which in only five years has reduced the country's foreign exchange bill for wheat by about twenty per cent, is almost self-financing.

(b) Innovative program approaches: USAID/Bolivia is designing a monitoring and evaluation system to measure the food security impact of the proposed program. The system is directly responsive to the GAO's observations that the Agency should develop methodologies to better measure food security impact.

(c) Linkages to AID/W resources and programs: Anticipated use of dollar resources from the Global and regional bureaus will be limited to funding of ocean transport and consultation with LACTECH agricultural policy and food security advisors.

(d) Management requirements: Management of the Title III program will not require increased workforce but will reduce OE requirements through use of the PL-480 Trust Fund.

(e) Design requirements: To develop the 1995-97 proposal, USAID/Bolivia will contract locally for technical assistance with local currency, which will also be used to share local costs for two consultants under the LACTECH project. Anticipated submission date to USAID/W is July 1994. USAID/Bolivia judges that wheat is the most appropriate commodity and that Bolivia will meet the U.M.R. and Bellmon requirements under the PL-480 program.

(f) Recommendations for delegation of authority: None.

NEW ACTIVITY DESCRIPTION**1. Basic Data**

- (a) Activity Title: PL-480 Title II Regular Program and Monetization Three-Year (96-98)
- (b) Activity Number: N/A
- (c) Funding Source: PL-480
- (d) Duration: FY 1996-98
- (e) LOA Funding: \$60.0 million (CCC value and transport.)

1. Strategic Fit with Agency Goal

To meet the Agency goal of sustainable development, the Title II program will support initiatives in building democracy, encouraging broad-based economic growth and growth and protecting health. To meet the food security mandate of the PL-480 law, the proposed program will contribute to Bolivia's food security by improving food availability, access and utilization.

2. Consistency with Mission Strategy

(a) **Activity Goal and Purpose:** The Title II program will directly support Bolivian food security through activities in family health, school feeding, humanitarian assistance, rural development and urban infrastructure construction through food for work and popular participation. The program directly supports three of the Mission's strategic objectives: improved effectiveness and accessibility of democratic institutions and practices; expanded economic opportunity and access; and improved family health. The Title II municipal Food for Work program is unique in that it supports the growth of grassroots democratic institutions in the very poor barrios of the country's major cities, by helping them organize to request increased services (street paving, curbing, sewage, drainage, etc.) from the municipalities, whose services and infrastructure budgets are supplemented through food for work. Creation of temporary employment under the municipal food for work program also acts as a "safety net" for very poor people displaced under the government's structural adjustment and economic stabilization policies (measured by non-coca employment). A wide range of Title II-supported activities -- school feeding, ORT, vaccinations, and other child survival health activities -- support improved family health (measured by decreased infant and child mortality).

(b) **Impact on poverty alleviation:** Anticipated impact is considerable. On any given day of the year, in a country of about 6.5 million people, the program feeds almost 500,000 poor people.

(c) **Activity description:** The PL-480 Title II program gives poor neighborhood dwellers access to the municipal decision-making

process to build needed infrastructure and services and create temporary employment in cities and rural areas under the food for work program; supports health and nutritional status of mothers and pre-school children under the maternal child health program; reduces attrition rates among primary school students under the school feeding program; and, provides humanitarian and emergency assistance. Implementation of the program is entirely carried out by private voluntary agencies.

(d) **Policy agenda:** USAID/Bolivia has embarked on major policy dialogue with five implementing PVOs on full incorporation of food security concerns into the municipal food for work program, by far the largest component of the Title II program. This dialogue will be extended to the School Feeding Program in FY 1994.

(e) **Donor coordination:** The Title II program will be carefully coordinated with the World Food Program, bilateral food assistance programs

4. Design Issues

(a) **Sustainability:** The municipal food for work program continues to support and strengthen citizen participation to have greater access to basic infrastructure and services in eight provincial capitals and over 100 towns, thus contributing to the sustainability of democratic processes at the grass roots level. The program also leads to the institutional strengthening of the four Cooperating Sponsors to undertake development and humanitarian assistance programs for the poor which will be sustained once the Title II program is phased out in Bolivia.

(b) **Innovative program approaches:** Mission intends to design a food security impact monitoring system for this program.

(c) **Linkages to AID/W resources and programs:** Anticipated use of dollar resources from the Global and other bureaus will be limited to ocean and inland transport, and periodic evaluations.

(d) **Management requirements:** Management of the Title II program will not require increased workforce.

(e) **Design requirements:** No increased OE or PD&S funds required to develop the FY96-98 multi-year operating plans. Anticipated submission date to USAID/W is April 15, 1994.

(f) **Recommendations for delegation of authority:** None.

NEW ACTIVITY DESCRIPTION**1. Basic Data**

- (a) Project Title: Indigenous Resource Management and Biodiversity Protection, South American Chaco
- (b) Project Number: 511-0638
- (c) Funding Source: DA
- (d) Duration: FY 1996-99
- (e) LOP Funding: \$5.0 million

2. Strategic Fit with Agency/Bureau Goals

This project is **strongly** consistent with Agency and Bureau goals for Environment and Democracy, and follows the Implementation Guidelines in seeking to "create or exploit synergies" among focus areas. It directly addresses Agency priorities for **protection of biological diversity and popular participation and local empowerment**. The new Agency Strategy for the Environment gives highest priority to "reducing long-term threats to the global environment, particularly loss of biological diversity and climate change," and this project focuses on conserving "what may well be the largest remaining tract of relatively undisturbed tall dry forest in the Neotropics, if not in the entire world."

3. Consistency with Mission Strategy

(a) **Project Goal:** The project goal is to protect the Chaco's unique biological diversity through sustainable resource management and use. This is consistent with USAID/Bolivia's environmental strategic objective ("reduced degradation of forest, soil and water resources and biological diversity protected"). With a critical emphasis on local empowerment and increasing the participation of the rural poor in environmental decision-making, the goal also supports USAID/Bolivia's strategic objective for "improved effectiveness and accessibility of key democratic institutions and practices," and in particular supports program output 3, "increased opportunities for collective decision-making and consensus-building among professional and grassroots organizations."

(b) **Project Purpose:** The project purpose is to increase the capabilities of the Chaco's indigenous peoples to manage this area sustainably. This purpose supports all three of the environmental strategic objective program outcome, and in particular Outcome 2, "Improved public and private institutional capacity for sustainable use and environmental protection". It will also complement the Sustainable Forestry Management (BOLFOR) project, the initiative with the Wetlands for the Americas, and the Enterprise for the Americas Environmental Account.

Preliminary verifiable indicators for achieving the project purpose

include: 1) legal establishment of the Chaco indigenous peoples territorial and, intellectual property rights; 2) formal mechanisms in place to insure effective indigenous participation in Chaco planning and decision-making; 3) baseline inventories of the area's flora and fauna, with assessments of the commercial potential of selected species (ethnobotanical and chemical ecology research); 4) a sustainable management plan developed for the Gran Chaco, embracing both protection and production; and 5) new, sustainable sources of income identified for the area's indigenous residents.

(c) Project description: In order to achieve these objectives, the project will work with both public and private sector institutions, and be implemented in two distinct phases:

Phase 1) Laying the legal foundations for indigenous sustainable development. This will involve assessment of the legal status of land holdings (currently clouded by conflicting claims and titles) in the Chaco's four key ethnic groups. Territorial boundaries and group juridical status will be clearly defined, as will resource access rights of individuals within these different groups, through a process of negotiated rule-making. Formal consultative structures between indigenous peoples groups and the GOB will be established and functioning.

Phase 2) Income generation and biodiversity protection. A comprehensive sustainable management plan will be developed for the Chaco, identifying appropriate areas for protection and production activities. It will build on baseline inventories of the area's resource endowment (e.g., flora, fauna, soils, water), and identify selected species for possible population management, for both protection (e.g., guanacos) and commercial production (e.g., collared peccary, quebracho blanco) purposes. It will also assist local populations with small-scale enterprise development. The emphasis on biodiversity protection through sustainable resources use is consistent with the objectives of the new GOB.

(d) Anticipated impact on poverty alleviation, access, and participation, including gender level impact: It is anticipated that the project's impact on poverty alleviation and on increasing access to economic opportunities for the Chaco's indigenous people will be significant (see preliminary indicator 5), and related gender analysis will be an integral part of project design, implementation, and evaluation.

(e) Dialogue Agenda: The dialogue agenda will be ambitious, and is now being developed. For example, the GOB is in the process of developing a new Land Law, and will later draft regulations to define specifically the rights and obligations of indigenous peoples with respect to the resource base. This project could play a key role in supporting this process. The GOB is also nearing completion of terms of reference for a study to define a protected area for the Chaco (within the context of the National System for Protected Areas

program), and this project would strongly complement that initiative.

(f) Donor Coordination: The project will support efforts of other multilateral (e.g., UNDP, FAO, World Bank) and bilateral (e.g., the Dutch) donors in this area and complement the work of several major NGOs now active in this field (in particular the Missouri Botanical Garden, Wildlife Conservation Society, and Conservation International). Donor coordination would be assured through the donor working group sponsored by the National Environmental Fund (FONAMA).

4. Policy and Design Issues

This project takes an innovative approach to resource conservation, building on synergies between Environment and Democracy. It fully embraces the biogeographic area concept proposed in the draft Implementation Guidelines for the Environment, and recognizes that **effective resource management is as much a social as a biological issue**. It builds on the capacities of local indigenous peoples to better manage the resource base, and provides them the security of ownership required for long-term and sustainable use. Finally, it focuses on the Chaco, a critically endangered environment -- but one that has received only scant attention, in contrast to the donor community's rush to fund conservation efforts in "tropical rain forests". Important policy and design issues are discussed below.

(a) Sustainability: This project aims at the most fundamental of indigenous peoples needs, legal establishment of resource tenure rights and the right to maintain their own social organization. It lays the foundations for greater opportunities to participate in the economic and political life of the nation, without sacrificing cultural identity. This will provide the essential foundations on which to build the program for sustainable resource use.

(b) Potential Issues:

(1) Conflictive Theme: As with many natural resource management issues, sustainable use of this area will require careful compromise between competing interests. The agricultural and ranching interests in the Bolivian lowlands are economically and politically powerful, and may not welcome establishment and protection of indigenous land rights. These groups must also be effectively accommodated for this initiative to succeed, and here good conflict resolution and negotiation skills will be critical. Similarly, some resist the idea of indigenous territories, especially if these "special" rights imply reduced national sovereignty or a potential brake on economic development. However, the political will in Bolivia to accommodate the needs of indigenous groups has apparently never been stronger. Close design collaboration with the GOB and indigenous and other interest groups will test the real strength of this political will.

(2) New GOB Institutions: The two GOB Ministries responsible for these issues (the ministries for Human Resources and for Sustainable Development and the Environment) are both newly created, with relatively weak institutional capabilities, yet the new institutional structure accommodates this project exceptionally well.

(3) Coordination with USAID/Paraguay: Since a biogeographic unit perspective is the most effective way to work with Chaco's indigenous peoples to protect this area's fragile resource base, this project would clearly benefit from close coordination with USAID/Paraguay and the Government of Paraguay.

(4) Experience with Similar Initiatives: Many indigenous peoples organizations have successful natural resource management programs. These offer invaluable experience that should be carefully analyzed for "lessons learned".

(5) Local Participation: The direct and active participation of the Chaco's indigenous peoples in project design, implementation, and evaluation will be a cornerstone of this project. Since the decision-making processes of indigenous groups are often highly democratic and participatory, the additional time spent in careful, culturally sensitive collaboration will be time very well spent.

(c) Linkages to Global and Regional Programs: At the present time there is no global or regional program with the capacity to implement this project. However, several projects in the Global Bureau as well as the Forest Resources Management (FRM II) Project and LAC's Parks in Peril (PIP) Project could provide some targeted assistance.

(d) Management and Support Requirements: USAID/Bolivia's ARD Office and the Strategic Objective Committee for the Environment will work in close coordination with the GOB, NGO, and indigenous peoples representatives to develop a Project Paper. Support would be needed from a multidisciplinary team with a strong level of effort. USAID/Bolivia's ARD Office is capable of managing the project.

(e) Timetable and Resource Requirements: Subject to the availability of additional funds for this project, a Project Paper team could be in place in early 1995, with a final PP approved by June 1995. The Mission estimates the cost of PP development at approximately \$350,000.

(f) Recommendations on Delegation of Authority for Further Review and Approval: USAID/Bolivia recommends authority for further review and approval of this project be delegated to the USAID/Bolivia Director.

2. Status of Portfolio

Table 3: USAID/BOLIVIA PORTFOLIO -- PROJECT TIMELINE BY STRATEGIC OBJECTIVE

PROJECT NUMBER	PROJECT TITLE	FY92				FY93				FY94				FY95				FY96				FY97				PACD
511-0	Strengthening Democracy:	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	
578	Support for Title II Urban Food for Work Program																									3/31/94
603	Andean Peace Scholarships																									4/30/94
609	Justice Sector																									10/31/93
610	Democratic Institutions																									12/31/94
611	Bolivian Peace Scholarships																									6/30/97
623	Special Development Activities II																									9/30/95
626	Administration of Justice																									12/31/97
631	Human Resources for Development																									3/31/99
633	Special Development Activities III																									9/30/99
634	Democratic Development and Citizen Participation																									12/99
598-0591	Human Rights Initiatives																									12/31/92
SUB-TOTAL PROJECTS		6				6				6				6				5				4				
(number)(at end of 4th quarter) Strengthening Democracy																										

PROJECT NUMBER	PROJECT TITLE	FY92	FY93	FY94	FY95	FY96	FY97	PACD
511-0	Expand Economic Opportunity & Access:	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	
543	Chapare Regional Development	X						5/31/92
587	Private Sector Low Cost Shelter							9/8/92
571	Policy Reform							12/31/92
573	Market Town Capital Formation							1/23/94
577	Industrial Transition	X						8/31/95
580	Management Training	X						7/31/95
584	Training for Development	X						6/30/95
585	Export Promotion	X						9/30/95
589	Private Agricultural Organizations	X						12/31/92
592	Narcotics Awareness							12/31/91
596	Micro & Small Enterprises	X						9/30/97
598	Strengthening Financial Markets	X						6/30/96
602	FY91 Economic Recovery BOP	X						6/12/92
604	FY92 Economic Recovery BOP	X						7/14/93
605	FY93 Economic Recovery BOP	X						3/31/94
612	National Rural Household Survey	X						9/30/93
613	Drug Awareness & Prevention	X						10/31/96
614	Electrification for Sustainable Development	X						9/30/96
616	Technical Support for Policy Reform	X						9/30/97
617	Cochabamba Regional Development	X						9/30/97
PL480 Titi II	Regular Program & Monetization	X						9/98
PL480 Titi III		X						9/97
630	FY95 Economic Recovery BOP							3/96
636	Training for Sustainable Development							12/99
637	Microfinance							9/99
639	FY93 Economic Recovery BOP							3/97
SUB-TOTAL PROJECTS (number)(at end of 4th quarter) Expand Economic Opportunity amnd Growth		18	16	12	13	10	7	

2. Status of Portfolio

Table 3: USAID/BOLIVIA PORTFOLIO -- PROJECT TIMELINE BY STRATEGIC OBJECTIVE (cont'd)

PROJECT NUMBER	PROJECT TITLE	FY92				FY93				FY94				FY95				FY96				FY97				PACD
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	
511-0	Family Health:																									
588	Reproductive Health Services																									12/31/97
594	Community & Child Health																									9/30/98
597	Radio Learning																									8/30/92
601	Child Survival I																									12/31/91
607	Self Financing Primary Health Care II																									5/8/96
608	AIDS/STDS Prevention & Control																									9/30/95
618	CARE Community Development																									3/28/95
619	Interactive Radio Learning																									9/30/96
620	Child Survival PVO Network II																									9/30/93
624	Displaced Children (Peace Corps)																									9/30/94
SUB-TOTAL PROJECTS (number)(at end of 4th quarter) Family Health					8				8				8				6				4				2	
SUB-TOTAL PROJECTS (number)(at end of 4th quarter) Environment					1				4				4				2				3				3	
TOTAL PORTFOLIO					35				36				30				27				22				16	

3. Central and Regional Projects

(\$000)

Funding Category	FY94	FY95	FY96	SO
Bureau for Latin America and the Caribbean				
598-0669 Regional Adm. of Justice Public Def. Project				SD
598-0654 Agricultural & Dev. Tech. Services (LACTEC)	25	25	25	EO
598-0657 Health and Nutrition Technical Services	0	100	0	FN
598-0780 Environmental Support	0	100	0	ENV
598-0782 Parks in Peril	250	250	250	ENV
598-0791 Regional Technical Aid Center (RTAC II)		30	30	SD
Total LAC Bureau	275	505	305	
Bureau for Global Programs, Field Support and Research				
Office of International Training R&D/OIT				
926-0071 Training Evaluation and Supply Services (PIET)	0	0	500	EO
Office of Agriculture R&D/AGR				
931-1328 Small Ruminants - CRSP	400	100	0	EO
Office of Population R&D/POP				
936-3030 Strategies for Improving Service Delivery	100	300	450	FH
936-3031 Family Planning Training for PAC IIB	400	400	400	FH
936-3038 Family Planning Logistics Management	0	100	0	FH
936-3042 Family Planning Services (PATHFINDER)	850	1,200	1,500	FH
936-3045 Training in Reproductive Health (JHPIEGO)	400	400	400	FH
936-3046 Demographic Data Initiatives (RAPID IV)	300	300	500	FH
936-3052 Population Communication Services (PCS II)	800	1,000	1,000	FH
936-3055 Family Planning Mgmt. Development (FPMD)	0	300	600	FH
936-3061 Initiatives in Natural Family Planning (NFP)	100	0	100	FH
936-3065 Expansion of Family Plan. IPPF/WHR-INT.	600	1,000	1,000	FH
Office of Nutrition R&D/N				
936-5122 Program to Eradicate Micronutrient OMNI				FH
Office of Environment and Natural Resources R&D/ENR				
936-5556 Forest Resource Management (FRM II)	20	0	0	ENV

Funding Category	FY94	FY95	FY96	SO
Office of Energy and Infrastructure R&D/E&I				
936-5734 Energy Training	20	20	20	ENV
Office of Education R&D/ED				
936-5838 U.S. Telecom Training Institute	30	30	30	EO
Office of Health R&D/H				
936-5948 Vector Biology and Control (VBC)	50	0	0	FH
936-5966 MOTHERCARE/JSI	1,000	1,000	1,000	FH
936-5991 Data for Decision Making (CDC/DDM)	400	550	600	FH
936-6006 Basic Support Instit. Child Survival (BASICS)	400	450	500	FH
Office of Emerging Markets PRE/EM				
940-0016 Privatization and Development				EO
940-0102 Center for Trade and Inventory Services				EO
940-0403 Anti-Proverty Lending Project				EO
940-3023 Bond Guaranty Program				EO
Office of Small and Informal Enterprise PRE/SMIE				
936-5448 Growth Equity Thru Micro Invest./Inst (GEMINI)				EO
Total Global Bureau	5,870	7,150	8,600	
Bureau for Humanitarian Response				
Office of Private and Voluntary Cooperation				
938-0705 Farmer to Farmer (Partners of the Americas)	150	150		EO
Total BHR Bureau	150	150	0	
Other Undetermined Bureau				
National Center for St. Courts Adm. Justice				SD
National Inst. Citizen Education in the Law				SD
Total Undetermined Bureau	0	0	0	
GRAND TOTAL	6,295	7,805	8,905	

Section D. Resource Requirements

1. Program Resource Requirements TABLE 4
USAID/Bolivia
SUMMARY PROGRAM FUNDING TABLE
Dollar Program
(\$000)

Funding Category <i>USAID Strategy: Mission Strategic Objective</i>	FY94 Estimated	FY95 Requested	FY96 Requested	FY96 Requested
DEVELOPMENT ASSISTANCE			@100% FY95	@75% FY95
<i>BUILDING DEMOCRACY: Improved effectiveness of key democratic institutions</i>				
0000 PD&S	30	27	50	20
0611 Bolivian Peace Scholarship	706	1,000	394	394
0631 Human Resources for Dev.	500	1,900	3,100	2,000
0633 Special Dev. Activities	100	100	100	100
0634 Democratic Dev. & Citizen Participation	0	1,000	2,315	1,500
AIFLD (OYB Transfer)	270	67	0	0
Peace Corps (OYB Transfer)	40	50	50	50
Subtotal	1,646	4,144	6,009	4,064
<i>STABILIZING POP. GROWTH & PROTECTING HEALTH: Improved family health throughout Bolivia</i>				
0000 PD&S	149	30	50	0
0568 Reproductive Health Services	2,410	11,883	5,000	3,750
0594 Community & Child Health	2,730	2,420	3,500	2,000
0607 Self Financing Primary Health Care	900	2,186	0	0
0608 HIV/STDs Prevention and Control	797	800	800	600
0618 CARE Community Development	1,650	0		
0619 Interactive Radio Learning	900	1,134		
0620 Child Survival PVO Network	500	533		
Subtotal	10,036	18,986	9,350	6,350

Funding Category	FY94 Estimated	FY95 Requested	FY96 Requested	FY96 Requested
USAID Strategy: Mission Strategic Objective				
ENCOURAGING BROAD-BASED ECONOMIC GROWTH: Expanded economic opportunities & access				
0000 PD&S	20	30	50	35
0580 Management Training	713	0	0	0
0596 Micro and Small Enterprise Dev.	500	1,000	1,201	901
0616 Technical Support for Policy Reform	1,000	2,600	1,500	1,500
0636 Training for Sust. Dev.			2,000	1,500
0637 Microfinance			5,000	5,000
Subtotal	2,233	3,630	9,751	8,936
PROTECTING THE ENVIRONMENT: Reduced degradation of nat. resources & protected biodiversity				
0000 PD&S	250	500	50	20
0621 Sust. Forestry Management	1,433	1,900	2,000	1,500
0638 Indigenous Resource Mgmt. & Biodiversity			2,000	1,000
Subtotal	1,683	2,400	4,050	2,520
DEVELOPMENT ASSISTANCE TOTAL	15,598	29,160	29,160	21,870
ECONOMIC SUPPORT FUNDS			@100% FY95	@75% FY95
BUILDING DEMOCRACY: Improved effectiveness of key democratic institutions				
0626 Administration of Justice	2,000	3,400	700	700
Subtotal	2,000	3,400	700	700
ENCOURAGING BROAD-BASED ECONOMIC GROWTH: Expanded economic opportunities & access				
0585 Export Promotion	3,000	0	0	0
0613 Drug Awareness and Prevention	1,720	1,000	0	0
0617 Cochabamba Regional Dev.	18,280	18,000	5,202	5,202
0630 Economic Recovery 1995	0	18,000	0	0
0639 Economic Recovery 1996			34,498	24,398
Subtotal	23,000	37,000	39,700	29,600
ECONOMIC SUPPORT FUNDS TOTAL	25,000	40,400	40,400	30,300

Funding Category <i>USAID Strategy: Mission Strategic Objective</i>	FY94 Estimated	FY95 Requested	FY96 Requested	FY96 Requested
PL-480 FUNDS				
Title II	20,000	20,000	20,000	20,000
Title III	20,000	20,000	20,000	20,000
PL-480 FUNDS TOTAL	40,000	40,000	40,000	40,000
GRAND TOTAL	80,598	109,560	100,062	85,7720

2. Program Management Requirements - Workforce and OE

USAID/Bolivia has continued to consolidate its portfolio and concentrate on fewer and more focused objectives, while exploring every possible means of reducing staff and operating expense requirements, without compromising the quality of our program or our ability to meet stringent accountability standards. Bilateral Operating Expense requirements have been reduced in FY 1994 by \$350 thousand from the FY 1993 level of \$6.4 million to \$6.05 million, or 5.5%, while OE funded personnel are being cut back from 191.0 to 184.7 FTEs for the same period (See Table 5-A). FY 1995 continues this trend.

Over the past year, USAID/Bolivia has expanded its regional support role, and now provides full financial management, contract and legal support, and some administrative management and project development services to the USAIDs in Paraguay, Chile, Uruguay/Argentina, and Brazil. Although many of these costs were absorbed, the LAC Bureau did provide an additional \$150,000 in FY 1993 operating expenses for staff and operational activities directly related to this support role. Managing these funds outside of the bilateral budget enabled USAID/Bolivia to clearly track the additional cost of supporting the MDCs. As such, we have prepared three separate **OE Funding Requirement** tables -- one for the Bolivia bilateral program, one for the MDC Support Activities, and one consolidating these two independent budgets.

Table 5-B reflects the FTEs and OE costs directly attributable to MDC support. We have included one USDH Financial Management Officer for the entire Action Plan period; one USDH Contracting Officer and one USDH Legal Officer coming on board in FY 1995, and; FSN staff employed for the sole purpose of servicing MDC Missions.

A. Staffing Levels

Table 5-A demonstrates USAID/Bolivia's commitment to continued staff reductions. During the first part of FY 1994, we implemented an interim retirement plan which allowed us to retire eight employees, of which only four will be replaced (this plan will be replaced by an approved Mission-wide retirement plan which should be implemented in late FY 1994). In addition, we instituted a policy whereby Office Chiefs are required to prepare comprehensive written justifications for Mission Director consideration whenever they believe it is necessary to re-fill a vacated position. These efforts will enable a reduction of staff through a steady process of attrition.

Total bilateral OE funded FTEs have gone from 191.0 in FY 1993, to a projected level of 184.7 for FY 1994, followed by 179.5 in FY 1995, and 173.5 in FY 1996 (a 9% reduction over the four year period). Beyond FY 1994, we do not foresee the need for special funding related to downsizing, as the average attrition experienced by the Mission annually should accommodate planned staff reductions. The above projections exclude the Table 5-B FTEs directly related to

Controller's Office support of the MDC missions initiated in FY 1993, and the expansion of regional contracting and legal support responsibilities beginning in FY 1995.

USAID/Bolivia will maintain 26 USDH positions throughout most of Fiscal Year 1994. Gaps between transfers and new assignments, and the fact that we entered the fiscal year with three IDIs, will allow us to stay within our approved ceiling of 23.0 FTEs. In FY 1995, we will reduce bilateral positions in order to stay within the 25.0 FTE planning level which includes the addition of the second USDH Contracting Officer and a second USDH Legal Officer. We are assuming for budgetary purposes that the two new positions are directly related to an increased MDC support role. With regard to contract employees, we have complied with recent Agency directives by reducing U.S. PSC positions from a high of 19 in FY 1993, to 12.8 FTEs in FY 1994, only 6.3 of which are OE funded.

B. Operating Expenses

USAID/Bolivia - In Fiscal Year 1993, \$6.4 million in dollars and trust funds were obligated for operating expenses, in addition to \$1.9 million in trust funds specifically allocated for the completion of construction of a new office building (NOB). The proposed FY 1994 level of \$6.05 million will require a number of adjustments, but USAID/Bolivia is confident that it can absorb this \$350 thousand reduction as a result of downsizing, completion of the NOB project, elimination of office rent as of April 1994, an adequate level of FY 1993 NXP procurement, and the fact that we were able to forward fund personnel well into the first quarter of FY 1994 with FY 1993 resources.

In addition to normal FY 1994 requirements, we will be forced to absorb approximately \$300 thousand in final NOB related costs which we were unable to fund in FY 1993, as well as \$222 thousand for interim retirement program payouts. This will be possible as a result of the conditions described in the preceding paragraph, and of the fact that we will be funding only 10.5 months of personnel costs this fiscal year. In FY 1995, we will be required to fund non-USDH personnel for a full twelve months, and hope to return to an orderly NXP procurement plan.

Nonetheless, we will still be able to further reduce operating expenses to a projected level of just under \$5.9 million. In FY 1996 we are projecting an overall operating expense requirement of \$6.1 million, reflecting a 4% increase over the preceding year for inflation, offset to some extent by reduced staff levels.

MDC Support - In mid-FY 1993, USAID/Bolivia expanded its MDC support role by servicing two additional USAIDs (Chile and Brazil), and by increasing the level of service provided to all USAIDs to include full financial management, legal, contracts, and some administrative management and project development support. The LAC Bureau provided USAID/Bolivia with \$150 thousand to cover the cost of one additional USDH, 3 FSNs, communications, supplies, computer equipment, a dedicated FAX machine, and adequate support travel for the second

half of the fiscal year.

This arrangement turned out to be highly satisfactory, in that we were able to provide nearly the same level of services as would have been received from resident Controller/Legal/Contracts Offices, without having to tap their relatively small Mission-specific budgets. In addition, it enabled us to accurately identify the additional cost of providing this support, over-and-above that which USAID/Bolivia was able to absorb. In FY 1994, we believe we can continue to provide the same level of MDC services initiated in FY 1993, within the \$200 thousand proposed as additional to USAID/Bolivia's bilateral OE (\$6.05 million). It should be noted that although FY 1993 funding for MDC support was limited to \$150 thousand, it corresponded to only six months of operations.

The FY 1995 proposed OE funding level of \$385 thousand represents a significant increase over the FY 1994 MDC support budget. This reflects the cost of two additional USDH assignments, two new residential leases, furniture, office equipment, and the additional travel, communications, and FSN staff required to support the expanded MDC role which will accompany these two USDH officers. We are assuming the post assignments will take place in the summer of calendar year 1995, at which time the additional FSN staff will also be contracted. The Contracting Officer will require a minimum of 3 FSN employees to support his or her portfolio (which would be additional to that which is currently being managed out of USAID/Bolivia), while the Legal Officer will need an additional FSN secretary. At \$430 thousand, FY 1996 shows a slight increase for inflation, as well as funding for the assignment of a replacement for the MDC-dedicated USDH assigned to the Controller's Office. There may be additional needs as USAID's presence is phased out in certain countries but programs continue through NGOs, e.g., in the area of Administration of Justice.

TABLE 5-A
USAID/Bolivia Bilateral OE Funding Requirements
(\$000)

OE/TRUST FUNDED LEVELS By Major Function Code:	<u>FY 94</u>	<u>FY 95</u>	<u>FY 96</u>
U100 U.S. Direct Hire	460.7	450.0	470.0
U200 F.N. Direct Hire	1,029.0	1,071.0	1,180.0
U300 Contract Personnel	2,528.0	2,685.0	2,850.0
U400 Housing	611.0	520.0	530.0
U500 Office Operations	1,174.3	859.0	890.0
U600 NXP Procurement	25.0	300.0	200.0
Sub-Total-Core Costs	5,828.0	5,885.0	6,120.0
Downsizing Cost: U100	0	0	0
U200	0	0	0
U300	222.0	0	0
Sub-Total Downsizing Costs	222.0	0	0
Total OE/TF Costs	6,050.0	5,885.0	6,120.0

Mission Staffing Requirements												
	FY 94				FY 95				FY 96			
	USDH	USPSC	FSN	Other*	USDH	USPSC	FSN	Other*	USDH	USPSC	FSN	Other*
Total FTEs or Workyear	21.9**	12.8	183.0	2.0	22.5	11.0	176.0	2.0	21.5	11.0	171.0	2.0
of which Program funded	0	6.5	33.0	2.0	0	6.0	32.0	2.0	0	6.0	30.0	2.0

* Other = PASAs and TCNs ** Excludes 1.9 IDIs

TABLE 5-B
USAID/Bolivia MDC Support OE Funding Requirements
(\$000)

OE/TRUST FUNDED LEVELS By Major Function Code:	FY 94	FY 95	FY 96
U100 U.S. Direct Hire	8.0	62.5	40.0
U200 F.N. Direct Hire	0	0	0
U300 Contract Personnel	64.0	90.5	166.0
U400 Housing	14.0	30.0	72.0
U500 Office Operations	114.0	132.0	152.0
U600 NXP Procurement	0	70.0	0
Sub-Total-Core Costs	200.0	385.0	430.0
Downsizing Cost: U100	0	0	0
U200	0	0	0
U300	0	0	0
Sub-Total Downsizing Costs	0	0	0
Total OE/TF Costs	200.0	385.0	430.0

Mission Staffing Requirements												
	FY 94				FY 95				FY 96			
	USDH	USPSC	FSN	Other*	USDH	USPSC	FSN	Other*	USDH	USPSC	FSN	Other*
Total FTEs or Workyear	1.0	0.0	3.0	0.0	1.6	0.0	4.2	0.0	3.0	0.0	7.0	0.0
of which Program funded	N O N E				N O N E				N O N E			

* Other = PASAs and TCNs

TABLE 5-C
USAID/Bolivia & MDC Support Combined OE Funding Requirements
(\$000)

OE/TRUST FUNDED LEVELS By Major Function Code:	FY 94	FY 95	FY 96
U100 U.S. Direct Hire	468.7	512.5	510.0
U200 F.N. Direct Hire	1,029.0	1,071.0	1,180.0
U300 Contract Personnel	2,592.0	2,775.5	3,016.0
U400 Housing	625.0	550.0	602.0
U500 Office Operations	1,288.3	991.0	1,042.0
U600 NXP Procurement	25.0	370.0	200.0
Sub-Total-Core Costs	6,028.0	6,270.0	6,550.0
Downsizing Cost: U100	0	0	0
U200	0	0	0
U300	222.0	0	0
Sub-Total Downsizing Costs	222.0	0	0
Total OE/TF Costs	6,250.0	6,270.0	6,550.0

Mission Staffing Requirements												
	FY 94				FY 95				FY 96			
	USDH	USPSC	FSN	Other*	USDH	USPSC	FSN	Other*	USDH	USPSC	FSN	Other*
Total FTEs or Workyear	22.9	12.8	186.0	2.0	24.1	11.0	180.2	2.0	24.5	11.0	178.0	2.0
of which Program funded	0	6.5	33.0	2.0	0	6.0	32.0	2.0	0	6.0	30.0	2.0

* Other = PASAs and TCNs

Section E. Mission and AID/W Issues

No AID/W issues were provided.

1. **Funding: Levels and "Directives":** The reduction of activities to 16 in FY 1996, compared to a high of 37 in FY 1989 and 35 in FY 1992, clearly reflects severe cuts in program funding levels (from a high of \$164.4 million in FY 1992) and increases in DA "directives" (from 55% in FY 1992 to 72% in FY 1993, 76% in FY 1994, and 79% in FY 1995).

a. **"Directives":** Although Bolivia rightly is considered a child survival emphasis country and gives indications of being poised for a major expansion of family planning services, it has significant other needs for which USAID is in a unique position to assist. Our ability to address pressing needs in the areas of human capital development and social sector policy reform, and to meet the majority of Bolivia's micro finance market is severely constrained by the level of "directives". At the same time, less than our requested level of funding for the environment (another area of "directives") was provided.

- How can a balance be found between: the need to meet directives; and the need for flexibility to meet the pressing sustainable development requirements in Bolivia outside the area of directives?

b. **PL-480:** Bolivia suffers significant food security problems despite a long history of U.S. food assistance and notable successes. Multiyear program planning for both Title II and Title III programs has proceeded on the basis of historical funding levels. The Agency's FY 1995 Congressional Presentation was the first indication that these levels might be cut drastically, e.g., a 65% cut in Title III.

- How can we reconcile: Bolivia's food security needs; expectations of continued USG food support; and the need to phase-in reduced budget realities?

c. **Administrator's Microenterprise Fund:** USAID/Bolivia-supported micro finance activities through NGOs currently serve about 10% of this potential market. As described in the NAD for Microfinance on page 67, we believe we can reach the majority of the micro finance market by the end of this decade and saturate the micro sector with financial services soon thereafter. Funding constraints and "directives" prevent us from considering this activity before FY 1996.

- What procedures should be followed to have the Microfinance activity considered for funding from the Administrator's Microenterprise Fund in FY 1995?

d. **Renewable Energy:** USAID/Bolivia is implementing an ambitious renewable energy program through NRECA (most of which are eligible for consideration as GEF contributions). An administrative error in Washington prevented submission of a proposal for FY 1994 funding.

- What procedures should be followed in FY 1995 to propose renewable energy activities?

e. **Rural Electrification:** As part of the U.S. foreign policy interest in promoting alternatives to the production of coca, USAID/Bolivia absorbed a significant portion of Congress' earmarks for NRECA. Funding constraints and questions concerning continuance of this earmark prevent us from fully funding the activity as authorized. This will leave an otherwise successful project unfinished.

- What are the prospects of receiving additional funding and an OYB increase in FY 1995 or 1996 to complete this project as currently authorized?

2. **MDC Support:** USAID/Bolivia has absorbed additional responsibilities for support to MDCs in the region, as well as an additional FTE in the area of financial management and OE funding to cover some of the costs of added travel, etc. Additional FTEs in the area of legal and contract support and corresponding OE funding are anticipated. Areas of support include financial management, contracts, legal, and executive office functions.

- Are there other areas where USAID/Bolivia will be called upon to provide support to USAIDs or to programs in the region where USAID eliminates its presence? For example, from the Regional Administration of Justice Advisor, Environmental Officer, Training Officer, Program Officer, etc.?
- Have provisions been made to budget for the increased travel and other costs if added services are needed?

3. **Timely Budget Allowances:** In FY 1994 only 14% of our DA OYB was allotted in the first quarter.

USAID/Bolivia is designing the \$4.5 million Democratic Development and Citizen Participation Project approved in last year's Action Plan Review. It will strengthen viable democratic institutions and is being designed in conjunction with Bolivia's Popular Participation Law which has the significant potential effect of empowering grassroots organizations in over 300 rural municipalities by granting them legal status and involving them in decisions regarding financial resources. For the first time in Bolivia, national level democratic institutions will be connected with Bolivia's majority rural and indigenous poor, through further voter

registration, by building working relationships between the new municipal governments and grassroots organizations, and by establishing service links between Congress and the grassroots, local level.

Due to the speed with which the legislation is moving through Congress, the pace of the design effort has been stepped up with a target for earliest possible FY 1995 obligation. For the USAID effort to get into the process on the ground floor during the crucial transition prior to the December 1995 municipal elections, and to dovetail with the terminating Democratic Institutions Project, we must obligate by November 1, 1994.

- How can the budget allocation process be rationalized so needed funds are received early in the fiscal year?

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